

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Friday February 11 1983

No. 28,997



Drug addiction: War
the world is
losing, Page 16

Adm.	Sch. 15	Indones.	Rs 1000	Philippines	Ps. 20
Baham.	Dm 0.60	Japan	¥ 100	Portugal	Esc. 200
Belgium	Bfr 35	Libya	LD 100	S. Korea	Won 100
Canada	Cdn\$ 50	Malaysia	Mal\$ 100	Singapore	S\$ 1.00
Denmark	Dkr 7.00	Norway	Nkr 100	Spain	Ptas 166.64
France	Ffr 6.55	Sweden	Skr 100	Switzerland	Sfr 7.20
Germany	DM 3.36	Taiwan	Tai\$ 100	Thailand	Thb 100
Greece	Dr 340	U.K.	£ 1.00	U.S.A.	\$ 1.00
Ireland	Ir£ 7.88	Yugoslavia	Din 100		

NEWS SUMMARY

GENERAL

Israel accepts massacre report

The Israeli Cabinet voted 16 to 1 to accept the recommendations of the commission of inquiry into the Beirut massacre. The sole dissenter was Gen Ariel Sharon, Defence Minister, who the commission said should resign.

Iranians 'surrender'

Iraq said it trapped most of the forces leading an Iranian offensive, compelling 1,000 survivors to surrender. Iran said it destroyed an Iraqi brigade. Page 3

U.S. weapons call

The U.S. proposed at a Geneva disarmament conference that all chemical weapons be destroyed over 10 years. Page 2

Moscow to talk

The International Atomic Energy Agency said the Soviet Union agreed to talks on allowing inspection of some peaceful nuclear installations.

Luxembourg loses

The European Court of Justice upheld the European Parliament's decision to meet only in Strasbourg, excluding Luxembourg. Page 2

Election move denial

West Germany's federal constitutional court denied a Ministerial Agreement 'Zeitung' report that it planned to stop the March 6 general election.

Priests face action

Rome magistrates investigating a petrol tax fraud issued notices of possible legal action against three priests, including the Vatican Bank's secretary.

Split over Salvador

The first indications of a division in the U.S. Administration over its policy towards El Salvador have emerged. Page 4

Argentine struggle

Argentina's President Reynaldo Bignone was reported to be struggling for his political survival. Page 4

Russian ordered out

Denmark asked Soviet Embassy First Secretary Y. L. Motorov to leave within 14 days. He is accused of illegal intelligence gathering.

£2m horse ransom

Police to the Irish Republic confirmed that the kidnappers of the £10m (£15.45m) racehorse Shergar had demanded a £2m ransom. Page 6

Bodies in sewer

The chopped remains of three men were found in a north London sewer.

Deadly sweeteners

Near-lethal doses of a water treatment chemical were found in boxes of an artificial sweetener bought at a Raleigh, North Carolina, grocery store.

Briefly...

Naples general strike was called by trade unions today in protest against the Camorra, local mafia.
Greek Cypriot presidential election will be held on Sunday.
Soviet Ambassador to the U.S. since 1962, Anatoly Dobrynin, will return home later this year. Page 2

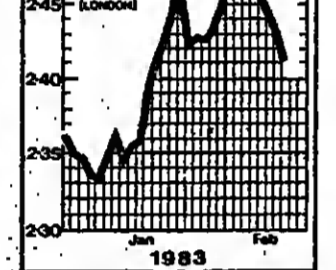
BUSINESS

OECD gloomy on UK prospects

BRITAIN'S economic prospects remain very weak, according to the latest analysis by the Organisation for Economic Co-operation and Development (OECD). The "unprecedented" fall in industry competitiveness means any world recovery will lead to little improvement.

It praises the Government's anti-inflation policies since 1979 but expects few benefits on jobs, output or economic growth in the next 18 months.

Ahead of next month's budget, it says any substantial relaxation of the tight fiscal policy would be unlikely to achieve a marked recovery in output. Details, Page 6; IMF report on UK, Page 18.



● DOLLAR weakened on expectations of lower interest rates, closing at DM 2.4115 (DM 2.43), SwFr 2.011 (SwFr 2.0225), FFf 6.833 (FFf 6.8925) and Y25.1 (Y25.25), its trade-weighted index was 119.5 (119.9). Page 36

● STERLING finished at \$1.545, a rise of 30 points, but eased to DM 3.2775 (DM 3.75), SwFr 3.11 (SwFr 3.12), FFf 16.553 (FFf 16.675) and Y36.5 (Y36.5). Its trade-weighted index was 81 (81.2). Page 36

● GOLD rose \$3.50 to \$496 in London. In Frankfurt it rose \$5.50 to \$496, and in Zurich it was \$5 up at \$496.38. Page 33

● TOKYO: Nikkei Dow index rose 21.63 to 8,017.56. The Stock Exchange index slipped 0.92 to 583.22. Page 23, 32

● HONG KONG: Hang Seng index was 8.37 up at 915.51. Page 23, 32

● AUSTRALIA: All Ordinaries index shed 2 to 501.3. Page 23, 32

● WALL STREET closed 28.33 up at 1,887.75. Page 23. Full share listings, Pages 36-32

● FRANKFURT: Commerzbank index added 6.7 to 772.7. Page 23, 32

● LONDON: FT Industrial Ordinary index eased 1.2 to 634.8. Page 23. FT share information service, Page 34, 35.

● SPANISH measures introduced last summer to stop the flow of funds into foreign currency securities were extended for 12 months. Page 7

● SOVIET UNION gold sales are expected to be 250 tonnes this year against 200 tonnes in 1982, said Credit Suisse Bank.

● GETTY OIL of the U.S. said it is no longer interested in oil and gas exploration on Norway's continental shelf. Page 19

● SOUTH AFRICAN cartel of 11 clearing banks is to be abolished after 54 years. Page 29

● ATLAS COPCO, Swedish compressed air and hydraulic machines group, reported preliminary 1982 earnings down at SKr 353m (\$48.9m) from SKr 570m. Page 19

● WEST GERMAN Interior Minister Friedrich Zimmermann said he planned to simplify regulations to speed the building of nuclear power plants.

● FRIED. KRUPP, West German industrial group, reported a 5 per cent drop in plant and machinery orders after 1982 orders declined to DM 18.2bn from DM 19bn in 1981. Page 19

U.S. blocks IMF accord on size of quota increase

BY ANATOLE KALETSKY AND MAX WILKINSON IN WASHINGTON

Members of the International Monetary Fund's interim committee expressed concern yesterday that they might be unable to reach a consensus on increasing the IMF's resources, in the face of firm negotiating tactics from the U.S. and the developing countries.

As the 22 finance ministers who make up the interim committee broke for informal discussions last night, the U.S. was still holding out against all the other countries for an increase of no more than 40 per cent in IMF quotas. Compared with the present quotas of SDR 61bn, Mr Donald Regan, U.S. Treasury Secretary, continued to insist that an enlargement of quotas to SDR 85bn would be the maximum acceptable to the U.S. Congress.

Representatives of the developing countries were sticking more firmly than expected to their initial bargaining position that new quotas of SDR 100bn were the minimum acceptable. There was concern among some delegates that a sufficient minority of the developing countries could decide to resist a compromise significantly below this level and make approval of any quotas increase impossible at the interim committee's final formal meeting later today.

European finance ministers expressed serious concern that if the

U.S. prevailed with its demand for a low quota increase, the IMF could rapidly run out of funds again. They pointed out that some countries with existing IMF programmes, particularly Mexico, could require more money in the coming year.

They said there was a serious possibility of several European countries most likely Portugal, Spain and Denmark, approaching the Fund for loans. But there is even more concern about the possibility of an approach from France, whose quota of SDR 2.5bn could entitle it to extremely large sums from the IMF.

A victory for the Christian Democrats in the coming elections in West Germany could put strong pressure on the D-Mark-Franc exchange rate and push France into a precarious financial position, according to some officials and delegates at the IMF.

Countries controlling at least 85 per cent of the IMF's voting power must agree to any increase in quotas. This means that either the U.S.

or the developing countries, if they decided to vote as a bloc, could veto any compromise. The U.S. has 19.52 per cent of the Fund's votes, while the developing countries have about 25 per cent between them.

Industrialised countries other than the U.S. have proposed a 50 per cent increase in quotas, to about SDR 90bn, in the hope of bridging the gap between the U.S. and the Third World. However, at a last-minute meeting of the Group of Ten industrialised countries, held at the IMF's Washington headquarters just before the interim committee convened yesterday, finance ministers from Europe and Japan were unable to persuade Mr Regan to compromise on SDR 90bn.

Despite the failure of the Group of Ten meeting, interim committee delegates continued to hope, however, that the U.S. position was mainly a negotiating tactic designed to impress U.S. congressmen, many of whom oppose any increase in IMF funding.

UK surplus forecast, Page 18

Cut in world oil prices inevitable, Yamani says

BY ROGER MATTHEWS AND RAY DAFTER

SAUDI ARABIA publicly abandoned its defence of a \$34-a-barrel reference price for oil yesterday and admitted that a cut in world prices was inevitable.

Sheikh Ahmed Zaki Yamani, the Saudi Minister of Oil, warned of chaos if the members of the Organisation of Petroleum Exporting Countries (Opec) failed to reach a new agreement on pricing and production.

In an interview with the English language Saudi Gazette, due to be published today, Sheikh Yamani said Saudi Arabia had lost patience with those members of Opec who put their own short-term interests before those of the organisation. "I cannot see any way out of a price reduction," he said.

"The Kingdom will no longer play the role of defending the \$34 benchmark and will let others bear the responsibility of their own mistakes," he warned.

Sheikh Yamani said that Saudi Arabia's output had reached such a

low level that "further reductions cannot be made without the closure of factories run on associated gas (gas produced in conjunction with oil). This means reducing the amount of desalinated water produced, as well as reducing domestic power consumption."

Saudi production is now estimated to be well below 5m barrels a day, less than half its 1978 level.

Sheikh Yamani admitted that a cut in the oil price would be bitter medicine for some producers to swallow. Some countries would be hurt, he said, particularly those exporters whose oil was expensive to produce.

After the abortive meeting of Opec at the end of January, Sheikh Yamani said he would still try to defend the \$34 price, but added that he expected a \$2 to \$3 cut in the price of North Sea crude.

The Saudi Minister did not specify the size of the cut he anticipated for Saudi oil, but has indicated privately that the Gulf countries

would be prepared to defend a \$30 reference price. However, this could only be undertaken if there was a total Opec commitment and the Saudis have indicated that as part of such an arrangement they would expect their own quota to rise to 6m b/d.

Saudi Arabia considers the issue of price cuts to be political dynamite within Opec. One of the main culprits in undermining Opec agreements has been Iran, which is a bitter political enemy of the Saudi monarchy and yesterday renewed its assault on neighbouring Iraq.

Intensive consultations between Opec members during the past two weeks have failed to produce a consensus on what the next step should be. Ecuador, one of the smallest members, appealed yesterday for help from Opec in order to sell its oil.

Newspaper reports in the United Arab Emirates claimed that the reason there had not yet been a meeting

Deutsche Bank loses Eurobond manager after disagreement

BY ALAN FRIEDMAN IN LONDON

A SERIES OF disagreements within Deutsche Bank, West Germany's biggest bank, has led to the resignation of Herr Friedrich Hoyos, one of the bank's top Eurobond executives, and it remained unclear last night whether further resignations might follow.

Deutsche Bank is not only the market leader in West Germany's bond market, but last year lead-managed \$4.9bn of new Eurobond issues, rivalled only by Credit Suisse First Boston's \$7.2bn of new issue volume. It is generally conceded in the Eurobond market that the new issue business of Deutsche Bank has been handled almost entirely by two men - Karl Miesel and Friedrich Hoyos.

The resignation of Herr Hoyos caught the Eurobond market off guard yesterday. This is because Deutsche Bank is generally consid-

ered to be a "monument of stability," in the words of one banker. Herr Hoyos has worked for Deutsche Bank for 15 years.

Deutsche Bank said last night that it has no comment on Herr Hoyos' departure.

The only explanation so far is from the market, where it is said that Herr Hoyos has resigned for "personal reasons" and will take a six-month holiday. It is understood, however, that he is not the only Eurobond executive at Deutsche Bank to have found the working climate increasingly difficult.

Some bankers said last night there were "bureaucratic problems and philosophical differences" between the Eurobond managers and the bank's board of directors. "This is a \$4.9bn professional market where individuals must make decisions of unheard-of proportions.

The Deutsche Bank general management does not appear to appreciate this," one said.

Another banker said there was no time to "write long reports and hold committee meetings in the Eurobond market."

An additional issue at Deutsche Bank is the question of whether the bank should establish a major London bond presence.

Reactions to Herr Hoyos' resignation came swiftly. Herr Werner Samuel, a Commerzbank director in charge of new issues, said: "I am stunned." Mr Stanley Ross of Ross and Partners, the London-based bond dealing house, said he was "absolutely astonished that after 15 years in the saddle Hoyos would be leaving."

Quiet boom in Luxembourg, Page 19

EEC threat to end U.S. farm talks

BY GILES MERRITT AND JOHN WYLES IN BRUSSELS

THE EEC has threatened to break off discussions with the U.S. aimed at averting a trade war over subsidised agricultural exports if the U.S. takes what the Europeans would see as more provocative actions such as its recent subsidised sales of 1m tonnes of wheat flour to Egypt.

The warning came in a private letter from M Gaston Thorn, the European Commission president, to Mr George Shultz, the U.S. Secretary of State, last week ahead of the resumption of talks between the two sides in Brussels yesterday.

As the talks reopened, it became known that the U.S. Government had started negotiations in recent weeks with some 11 different importing countries on sales of more than \$1bn (\$850m) of subsidised wheat, maize and other products.

It is understood that these deals were not specified by the American delegation in yesterday's meeting with top Commission officials, although at least six of the purchasing countries could be considered "traditional" clients for EEC produce.

Under the agricultural trade agreements now being discussed between the U.S. and the six countries, some \$80m of direct credits or U.S. subsidy is involved in blended credit deals. Together with guaran-

teed commercial credits of \$320m these export sales total \$400m.

The six countries involved are Portugal, Yugoslavia, Morocco, Egypt, Pakistan and Yemen. The produce to be sold to them totals 3m tonnes, of which wheat accounts for 2.4m tonnes, maize animal feedstuffs for 400,000 tonnes with the remainder ranging from soya bean meal to vegetable oil, rice and cotton.

EEC officials taking part in yesterday's talks commented that sector-by-sector review of U.S. and EEC agricultural exports had not revealed the extent of the new U.S. subsidised deals.

The talks, led on the Commission side by M. Claude Villain and for the U.S. by Mr Richard Lyng, Deputy Secretary of State for Agriculture, ended inconclusively yesterday.

A Commission spokesman said last night that the U.S. "gave us no assurances whatsoever" that it would refrain from striking further subsidised deals.

The spokesman emphasised that, if faced with deals similar to the Egyptian sale, the Commission was going to react. "We are not going to sit back and watch."

The EEC is already planning to lodge a complaint with Gatt about Continued on Page 18

Talks on Japanese export curbs stall

BY JUREK MARTIN AND CHARLES SMITH IN TOKYO

JAPANESE and EEC negotiators yesterday failed to agree on European demands for export restraint on a range of goods, particularly video tape recorders (VTRs). The other items included television sets and tubes, cars, motorcycles and machine tools.

Yesterday's talks were meant to have been the culminating stage in a month-long series of exchanges during which the EEC has tried to extract from Japan a commitment to limit certain exports to the Community as a whole.

After the talks, a brief statement was issued saying that the two sides would meet again tomorrow. The statement described the area of disagreement as being confined to "certain limited points."

It was unclear whether tomorrow's further round would resolve the impasse, the key element of which was Japan's conditional offer to hold exports of VTRs to the Community down to about 4.3m units this year compared with the 4.9m sold in 1982.

The figure was understood to be well above that considered by the EEC negotiating team, led by Viscount Etienne Davignon, the Industry Commissioner, and Herr Wilhelm Haferkamp, the External Relations Commissioner. Their talks yesterday with Mr Sadanori Yamana, the Minister of International Trade and Industry, lasted four and a half hours.

In return for their undertaking to restrain exports, Japanese officials Continued on Page 18

Row over Japanese radios for British ships, Page 4

Hong Kong creates a \$900m monument to money

By Robert Cottrell in Hong Kong

MUCH AS medieval cities would pour love and labour into vaulting Gothic cathedrals to the greater glory of God, so Hong Kong today is creating a suitably heroic monument to its own tutelary idol - money.

The Hongkong and Shanghai Banking Corporation is building what will undoubtedly be the most spectacular headquarters of any financial institution. The Cathedral of Amens in France, would, according to one local estimate, just fit into the main banking hall of the new edifice, which is also a prime contender for the title of the most expensive building anywhere.

So how much will the 41-storey building - resembling a gigantic central heating radiator fixed on end - cost? The answer is that it is not only vulgar to attempt to express great art in cash terms, but impossible, too. Nobody knows. Even the bank does not know, though it is now making a determined effort to find out.

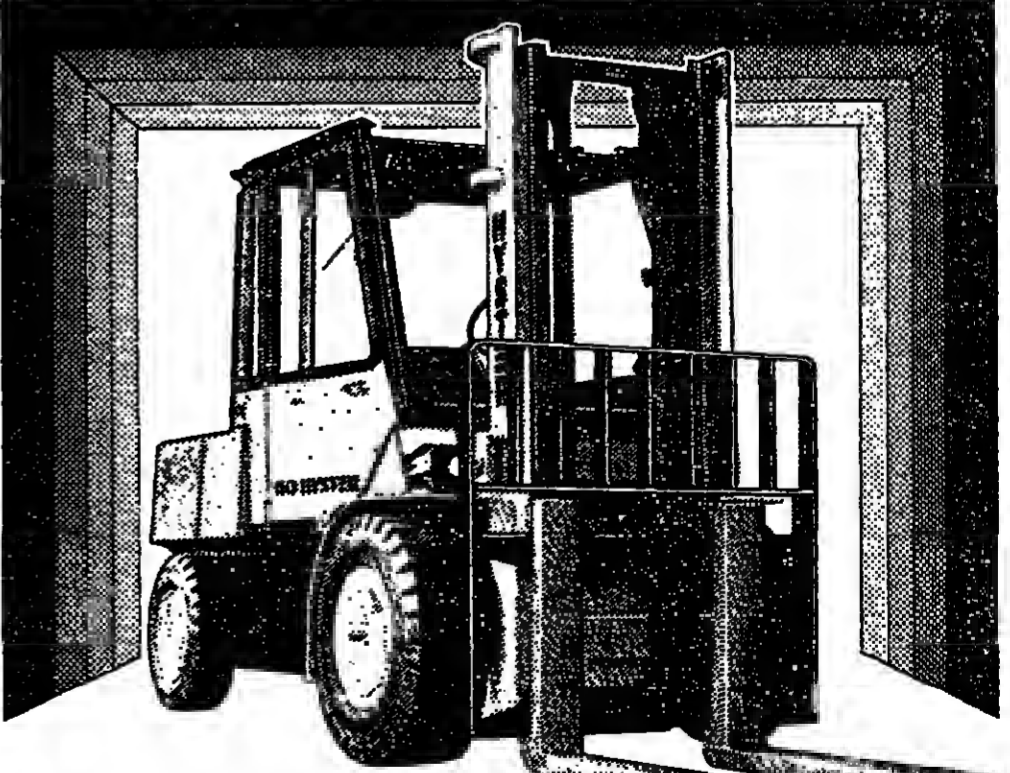
Pell Frischmann, consulting engineers, have been hired to review specifications and costings. A special committee of bank directors has been convened under Trevor Bedford, the Hong Kong Land Company's managing director, to keep tabs on the building. By mid-year, says Hongkong Bank director Mr Roy Munden, the impetus will have shifted "from a design development project to a budget-controlled project."

The new building, designed by Britain's Norman Foster Associates, is an all-singing, all-dancing array of high-tech innovation. Floors will carry built-in wiring systems so sophisticated that the bank can plug in a computer here or there much as lesser folk might plug in a hairdrier at home.

While a basic cost can be put on the "shell" of the building, the evolving myriad of fittings which may be included have made precise costing impossible. One extra which seems unlikely to make the transition from drawing board to reality is a rooftop helipad.

But how much - roughly? The nearest thing to a hard figure available is for contracts so far let. The total, which includes 80 per cent of contracts relating to the shell of the building, is past the Continued on Page 18

HYSTER MEANS MORE

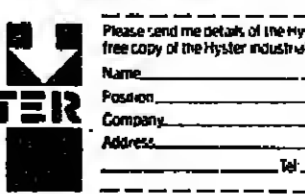


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EUROPEAN NEWS

France suspends guarantees on new Iraqi deals

BY DAVID HOUSEGO IN PARIS

THE FRENCH export credit guarantee agency, Coface, has decided to suspend further guarantees on contracts with Iraq because of the recent intensification of the fighting in the Gulf war.

A decision was formally taken on Wednesday, though the Government-backed agency has been holding back from extending new cover for some time. To date, Coface has provided guarantees of FF 35bn (£3.3bn) on civil and military contracts with Iraq.

The decision comes on the eve of a visit to Paris by Mr. Claude Cheysson, the Foreign Minister, and will obviously be a severe blow to Baghdad which has seen France as its warmest European supporter. In spite of the strong French commitment to an Iraqi victory, the decision reflects increasing nervousness about Iraq's ability to pay for the growing volume of orders it has placed with French companies.

Mr. Cheysson, who leaves today for a Middle East tour that also includes Jordan and Syria, is expected to make the Gulf war and Iraq's indebtedness to France the focus of his discussions. Over the past two years France has sold FF 27bn (£2.5bn) of military equipment to Iraq—representing some 40 per cent of French defence sales—and a similar amount of civil equipment.

It recently emerged in the French Press that France last year concluded a fresh agreement for the sale of 20 Mirage F1 fighters to Iraq equipped with sophisticated guidance systems and that Iraq is also seeking to purchase from France Super Etendard aircraft mounted with Exocet missiles.

Questioned this week about French relations with Iraq, Mr. Cheysson said the Iraqis were

Challenge to Moscow on chemical weapons

GENEVA — The United States

States yesterday proposed the destruction of all chemical weapons over a 10-year period. The proposal was challenged by Moscow to allow on-site inspections on demand to prove it was complying with the agreement.

Mr. Louis Fields, the U.S. delegate to the 40-nation committee on disarmament, said the U.S. must also allow inspectors to bring violations to the attention of the United Nations Security Council.

Quoting reports that Soviet-backed forces in Afghanistan, Laos and Kampuchea had used chemical weapons, he said: "The Soviet Union needs to demonstrate, rather than simply profess, that it is genuinely ready to work out and accept effective provisions to verify compliance with a chemical weapons prohibition."

Under the U.S. plan, all stocks and production facilities for chemical weapons as well as plants producing particularly dangerous chemicals would have to be open to systematic checks by international inspectors.

Western diplomats said the proposal to bring violations to the Security Council represented a further hardening of the U.S. position, which has put increasing emphasis on verification of compliance with all arms agreements.

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Go-ahead given for EEC rebate to Britain

BY JOHN WYLES IN STRASBOURG

THE EUROPEAN Parliament yesterday gave the go-ahead for the payment of nearly £600m in rebates for Britain and West Germany in a mood of warm self-congratulation at having partially succeeded in bending the EEC Council of Ministers to its will.

Its main achievement has been to push the European Commission into seeking a much more urgent attack by the Council on the Community's financing and budgetary problems.

The Parliament's resolution, adopting a supplementary budget paying £490m to Britain

and £55m to West Germany, demanded policy proposals from the Commission by May 31, which will both develop existing policies and deal with the Community's future financing.

It also demanded that the Council take "the necessary decisions" by the end of this year.

The aim, largely shared by the British Government, is to see changes in the way the Community is financed and a broader range of spending policies which will simultaneously strengthen the EEC and permanently remove the huge imbalance between Britain's pay-

ments to and receipts from the Community.

The Commission and the Council will try to tackle both tasks in the coming months with a much greater anxiety than before now that the Parliament will exact a retribution—possibly by dismissing the Commission—if it is dissatisfied with the progress.

Significantly, for Britain, there was some evident softening in the Parliament's opposition to any further interim agreements cutting back the UK's payments to the EEC until a permanent cure has been found.

Mr Robert Jackson, the British Conservative who piloted the successful resolution through the Parliament's budget committee, told the assembly that the resolution "cannot be construed as intending to deny the need for a solution for the current year which is now in course."

This gives Britain and the Commission an opportunity to seek agreement, first in the Council and then in the Parliament, on another short-term budget deal. But Mr Jackson made clear, future payments to the UK could not be straight hand-outs as they have been

largely in the past three years. One of the reasons why yesterday's budget proposal met with the Parliament's approval is that £228m of the British rebate and all of the West German rebate are spent on EEC projects.

In addition, some 10 per cent of the money will be withheld until the Commission is satisfied that they have been properly spent. As a result, there may still be some difficulty in satisfying the British insistence that all of its rebate be paid into the Treasury before the end of the current financial year.

Debts add to pressure on Lisbon

By Diana Smith in Lisbon

PORTUGAL'S DEBT servicing is adding to the country's balance of payments strains as substantial repayments of principal begin on medium-term loans contracted during the financial crises of the late 1970s.

The country ended 1982 with a foreign debt of more than \$12bn and a balance of payments deficit of \$3bn. This year it is required to repay \$900m of principal on the medium and long-term foreign debt and \$1.3bn of interest on the total foreign debt, according to Bank of Portugal figures.

Meanwhile, the country's corporate and institutional borrowers, and the Republic of Portugal loan are likely to cost substantially more in 1983. Financial authorities recognise that strains caused by political uncertainties have hardened market attitudes towards a country that has been a heavy foreign borrower in recent years, with a reputation for tough-minded debt management.

This year, government guarantees will be provided for foreign borrowing of up to \$4bn. The recent experience of two corporate loans of \$150m each, which spread over Libor for the annual Republic of Portugal loan will not be as fine as in past years.

In the absence of government forward planning, the authorities are turning to whatever sources are available for place need funds. This includes pressing their case with the IMF for delivery of \$140m funds compensating for 1982-83 export losses.

Broader negotiations with the IMF for a balance of payments support agreement will have to wait, it seems, for a new government with a clear programme. The general election has been called for April 25.

The Bank of Portugal has declined to comment on reports that the authorities are seeking gold-linked short-term credits from the Bank for International Settlements similar to various gold-pledged or swap deals done in the mid-1970s to ease liquidity problems.

Court rules against Luxembourg

BY JOHN WYLES

THE EUROPEAN Parliament yesterday scored an important legal victory, confirming its right to abolish Luxembourg as one of its meeting places.

In an eagerly-awaited ruling, the European Court of Justice yesterday turned down an appeal by Luxembourg for an annulment of a resolution passed by the Parliament in July, 1981.

It was decided then that the should be held only in Strasbourg and that its committee and political groups would meet in Brussels. The resolution also implied that a good part of the 2,500-strong secretariat would be moved from Luxembourg to Brussels.

Chaired the prospect of losing the Parliament just after it had provided a glossy new building for its meetings, the Luxembourg Government claimed that the Parliament was

exceeding its competence and that the decision could only be settled by EEC member governments.

Luxembourg argued that its right to house the Parliament and its services was confirmed by the provisional agreement of member governments of 1965 which established Brussels, Luxembourg and Strasbourg as the work-places of Community institutions.

The Court takes the view, however, that the Parliament is not undermining that agreement by abandoning Luxembourg. It argued that the Parliament started meeting there for odd sessions in 1967 of its own volition and that it is equally free to decide not to meet there.

It points out that member governments have still not fulfilled their responsibility to take a final decision on the seat of

the EEC's institutions and, in the meantime, the Parliament has an obligation to ensure that they work effectively.

The decision against Luxembourg was designed to improve the Parliament's working and the provisional decision on the three sites should not be taken to impair its functioning of the Parliament, says the court.

MEPs' immediate response last night was to vote in favour of holding a two-day special session on unemployment in Brussels at the end of April. The Parliament has never sat in Brussels before and it is the city in which many MEPs want to base their future activities.

The parliamentary leadership had proposed holding the unemployment session in Luxembourg but the court judgment was seized on as a basis for sitting in Brussels.

Kohl vision glimpsed by MEPs

BY JOHN WYLES

CHANCELLOR Helmut Kohl bopped across the Franco-German border into Strasbourg yesterday to expose the European Parliament to that genial integrity which has helped put his Christian Democratic Union and its Bavarian ally, the Christian Social Union, in a position to win a clear majority in the general election on March 12.

In a couple of speeches—one to the Christian Democratic group and another to the Parliament itself—and later at a news conference, the 57-year-old Chancellor revealed his talent for voicing grand ideas in the matter-of-fact tones with which he might order a glass of beer.

"We are trying to build a united states of Europe," he said without specifying who "we" are. Certainly not Mrs Margaret Thatcher, who only ever talks of a federal Europe to make it clear that she does not believe in it.

President Francois Mitterrand's official approach to giving the Community more money to spend.

He told the Parliament's Christian Democrats—eager to write ever bigger cheques—that he saw no case for putting more money into Brussels in this age



Herr Kohl addresses the European Parliament

by the West German people and he is not, therefore, responding to an electoral imperative. Trawling for votes was more evident in his somewhat equivocal approach to giving the Community more money to spend.

He told the Parliament's Christian Democrats—eager to write ever bigger cheques—that he saw no case for putting more money into Brussels in this age

of austerity and that even "budget cuts must also be viewed as real possibilities."

Wishing a united Europe without being ready to pay for it was undoubtedly a solecism in the eyes of a parliamentarian. But Herr Kohl could be easily forgiven since he also emerged as the only head of government ready to say in public: "If this parliament could get more powers, it would be a good thing."

Higher Soviet oil and raw material prices, meanwhile, have led to a deterioration of the terms of trade of other Comecon countries with the Soviet Union while, at the same time, being squeezed by onerous hard-currency debt repayments. The resulting strains lie behind the demand for a summit-level review of Comecon institutions and arrangements, but the Soviet Union, for its part, is insisting on higher quality deliveries in exchange.

The Hungarian have been in the forefront of moves to try to upgrade the financial institutions and especially the so-called transferable Rouble to facilitate greater multi-lateral trading between members. This would allow greater trading flexibility by permitting surpluses built up with one Comecon country to be offset financially through deficits with others.

To the absence of such a

guage translation, and managing sports fields.

The Orient group eschewed this loose form of partnership, however, in favour of a co-operative because the partners found it "better appreciated" in Hungary. Co-operatives have long existed in farming. Having a common fund, unlike the economic partnerships, they are deemed slightly more "Socialist."

The new urban co-operatives can, indeed, must, bank at the National Bank, which vests their books (important for the peace of mind of their clients) and which is less stingy with start-up loans than the OTP, the Hungarian savings bank, where the economic partnerships bank. Orient spent 500,000 (£8,300) in its first six months.

The young professionals of Orient with multiple technical degrees are not the only sort to have plunged into newly legalised activities. Far broader a social cross section of Hun-

Spain puts fresh curb on outflows

By David White in Madrid

TEMPORARY MEASURES introduced last summer to stem the flow of Spanish funds into foreign-currency securities were extended yesterday for a further 12 months.

Allowances for Spanish individuals and institutions to make certain portfolio investments into foreign-currency securities were suspended last August by the previous centrist Government, because of pressure on the peseta and on central bank reserves.

The Finance Ministry said the six-month suspension would be kept in force because of the country's balance of payments situation.

The lifting of authorisation requirements applied to fixed interest bonds issued either by Spanish private or public concerns, or by international organisations of which Spain was a member.

In the case of institutions—insurance companies and commercial, industrial and savings banks—the earlier rules were limited to investments they made within a limit of 10 per cent of the increase in their combined capital and reserves.

Last August's measure followed a drop of more than 20bn (€1.2bn) in central bank reserves since the beginning of the year. These have since fallen a further \$1.8bn to \$11bn at the end of December, according to the most recent Bank of Spain figures.

Irish resignation

Dr Martin O'Donoghue, the former Education Minister, has followed Mr. Sean B. Doherty, Minister, in proffering his resignation from the Fianna Fail party to Mr. Charles Haughey, its leader, writes Brendan Keenan in Dublin.

Mr. O'Donoghue, the new Minister, was said to feel that Mr. Doherty would be more useful as a top-level Kremlin adviser.

His departure may lead to a general downgrading of the Soviet embassy in Washington, which has been reduced largely to a message-taking role.

Mr. Doherty (63) is expected to become an adviser more or less equal to Mr. Andrei Gromyko, the Foreign Minister since 1987.

Soviet envoy to leave U.S. this year

By Ronald Dale, U.S. Editor in Washington

MR. ANATOLY DOBRYNIN, the veteran Soviet ambassador to the U.S., is to return to Moscow later this year after 21 years in Washington.

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state companies to private managers for periods of up to five years. The losers are awarded at auction. There were fears that some people might bid beyond their means for the leases, which range from Fortis 2,000-30,000 (€33,333 a month) and go on. But so far only 30 people have turned in their leases.

All this has had a confusing effect on income differentials. Contrived work in industry for instance has widened the income gap between skilled and unskilled workers, but narrowed it between blue collar workers in general and managers who, it is said, have no spare hours to do such overtime.

How wage differentials can be better arranged to provide incentives, without comprising Hungary's profession to socialism, is a matter of current debate. But it seems widely agreed that the number of private enterprises should increase.

Tighter rein on defence costs is Bonn's goal

BY JAMES BUCHAN IN BONN

WEST GERMANY'S Defence Minister, Herr Manfred Woerner, has announced reforms at the top of his immense ministry in an effort to keep a rein on costs and to integrate better the three armed services at a time of strain on men and resources.

In a step widely seen as designed to prevent the role of financial mismanagement that dogged the Tornado combat aircraft project under Herr Hans Apel, his predecessor, Herr Woerner this week announced a strengthening of the role of the General Inspector. This is the most senior officer of the 490,000-strong armed forces.

With the defence budget under intense pressure and a shortage of recruits looming in the 1990s, however, the General Inspector will also take over planning responsibility over the three service chiefs should it come to differences of opinion over how the cake is divided.

Herr Woerner complained that in the past there had been

a lack of "transparency" in planning between the departments of his ministry. The ministry employs 5,300 people, takes the second largest chunk of the federal budget and was once described by Herr Apel as "un-governable."

Although the new minister has appointed a "controller", announced last year in response to the Tornado fiasco, the General Inspector's increased role is intended to provide early warning of cost overruns which might otherwise be concealed by service pride and ambition.

Herr Woerner made clear that he wanted to concentrate on the Bundeswehr's overall needs, not on the partial reconstructions of the different services. Up now, funds have been divided up for the services according to a fixed pattern—48 per cent for the army, 30 per cent for the air force and 20 per cent for the navy. In future, spending would be made according to priority.

His visit was announced when Washington was in apparent disarray following the dismissal of Mr. Engle Bostow from the Arms Control and Disarmament Agency. However, he appears to have caused by that episode.

Asked about the chances of a settlement in Namibia, Mr. Bush said that in his recent election tour of black Africa he had explained that what the U.S. was trying to do was compel the removal of Cuban troops from Angola with the removal of South African troops from that country.

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Bush says talks encouraging

By David Tonge, Diplomatic Correspondent

MR. GEORGE BUSH, the U.S. Vice-President, yesterday wound up his seven-day West European tour saying he was "very, very much encouraged" by his talks.

Speaking in London before returning to brief President Ronald Reagan, he reaffirmed NATO's commitment to deploy Pershing 2 and ground-launched cruise missiles from the end of this year if negotiations with the Soviet Union are not successful.

He said he had "yet to detect any lot of difference between governments about the morality" of the West's stand. But he said that he believed the Soviet leadership had not "made any kind of serious proposal" in response to the West.

Mr. Bush said that he believed the present arrangements for control of the new U.S. missiles were satisfactory. These involve a joint decision with the country concerned on activating bases containing the missiles, but a U.S. decision alone on firing the missiles.

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Comecon looks to summit to ease strains

BY ANTHONY ROBINSON IN MOSCOW

PREPARATIONS for a summit meeting this spring of party leaders from Comecon the nine-nation Communist economic bloc, have moved a significant step forward with a two-day meeting of planning chiefs which has just finished at the organisation's headquarters here.

The

OVERSEAS NEWS

Iraq and Iran locked in battle

By Roger Matthews, Middle East Editor

IRAQ and Iran were locked in a fourth day of intense fighting yesterday with indications from both sides that they were suffering heavy casualties.

Iran claimed to have launched the second phase of the offensive it unleashed on Sunday night, north-east of the Iraqi town of Amara in Misan province.

A military communiqué said an Iraqi brigade had been annihilated and another Iraqi fighter aircraft shot down.

From Baghdad it was claimed that the spearhead of the Iranian force had been encircled and over 1,000 troops and revolutionary guards forced to surrender. A radio report said that the battle area was littered with the corpses of Iranians.

Iran believes that Amara, which is also a key army and airforce base, is the main target of the Iranian thrust. An Iraqi army commander was quoted yesterday as saying that Iran was relying on its normal tactic of massed assaults by infantry and revolutionary guards. The cost in casualties to both sides was high, he said.

The Iraqi communiqué yesterday added: "We pray to God to have mercy on the souls of our martyrs and take them to his vast paradise." In July, during the last sustained Iranian offensive north-east of Basra, Iraq said it had suffered 10,000 fatalities.

Iran has promised that the present offensive will be "decisive" and its political leaders are anxious for a major victory to coincide with this week's fourth anniversary of the Islamic revolution.

PLO in talks

The executive committee of the Palestine Liberation Organisation met yesterday in Algiers to prepare for next week's critical meeting of the Palestine National Council.

The PNC is the top Palestinian policy-making body and will be asked to decide on its response to President Reagan's plan for Palestinian autonomy on the West Bank and Gaza to be exercised in conjunction with Jordan.

Mr Yassir Arafat, the PLO chairman, would like to explore the U.S. proposals further but more radical Palestinian groups are urging outright rejection.

Hopes rise of healing rift between UK and Malaysia

BY ALAIN CASS, ASIA EDITOR IN KUALA LUMPUR

DR. MAHATHIR MOHAMED, Malaysia's Prime Minister, would be happy to meet Mrs Margaret Thatcher, the British Premier, next month in a move aimed to burying the hatchet between the two countries after two years' tension.

A meeting might not persuade Malaysia's outspoken Premier to drop formally his boycott of British goods but the offer is, nevertheless, seen as a turning point.

Dr Mahathir confirmed in an interview yesterday that he would be happy to meet the British Prime Minister when he is in Britain on a private visit "if she thought it would be useful."

He believed that both the British Government and the business community had adopted a "very positive attitude to ensure that the relationship with Malaysia is based on a more acceptable footing."

Dr Mahathir's remarks show an about-face in attitudes since

his "buy British last" edict of October 1980.

Dr Mahathir issued his edict soon after assuming power as Malaysia's fourth Prime Minister since independence from Britain.

He listed, at the time, grievances ranging from the patronising attitude adopted by British Government officials and businessmen to the withdrawal of subsidies for foreign students in Britain by the Tory Government.

Dr Mahathir also confirmed yesterday that Marconi Italiana of Italy, a wholly-owned subsidiary of Britain's GEC, would be awarded a £200m contract for pulse-code modulators for use in switchgear equipment.

The deal is likely to be signed soon.

Although Malaysian and British officials emphasised that it was the Italian company which secured the contract because of its low bid and that it was unlikely that any of the

The British Government decision, announced last Tuesday, to spend an extra £46m on scholarships for overseas students and to treat Malaysia as a special case was "significant and welcome," Datuk Musa Hitam, Malaysia's Deputy Prime Minister, said here yesterday. Kathryn Davies writes from Singapore.

But it should not be assumed, he added, that the state of relations between Malaysia and the UK could be improved merely by a single gesture. The problems are the result of an assumed relationship between a colonial power and a colonised country, he said.

consciousness of the existence of the problem (between Malaysia and Britain) and also the need to adjust. There has been a very positive attempt to find solutions to the difficulties which may have arisen and I think on the whole the British business community and the government have displayed a very positive attitude."

He said the most encouraging development had been the British announcement that it was going to spend £46m to

equipment would come from Britain, the decision to award a contract of this size to a British subsidiary would once have been inconceivable.

Several other British contracts are in the pipeline, including, it is understood, a major defence item, and British officials are quietly optimistic. Dr Mahathir confirmed that he expected British companies to be awarded further contracts.

He said: "There is a greater

create 5,000 to 6,000 scholarships for foreign students. "These will not be just the Malaysians," said the Premier, "but I am told there would be a special effort for Malaysia. That will be a very positive change."

British exports to Malaysia dropped since Dr Mahathir's edict, though not dramatically. In 1980, they totalled £228.8m. The following year, the total fell to around £186m and exports for the first 10 months of 1982 totalled £175.1m and are expected to end up higher than their previous year's total.

Dr Mahathir also took a noticeably more moderate tone over what he had described in an earlier interview with the Financial Times as "the straw which broke the camel's back."

This was a reference to the move by the London Stock Exchange to change its rules on "dawn raids" following the takeover by Malaysia of Britain's Guthrie Corporation.

So far, over £700m worth of British assets—mainly plantations—had been transferred to Malaysian institutions under the country's New Economic Policy (NEP) which aimed to transfer 30 per cent of the corporate wealth to the economically-disadvantaged but politically-dominant Malay race by 1990.

Dr Mahathir said he did not know whether the new stock exchange rules were "reversible or irreversible but as much as we do not prevent foreigners from buying into Malaysia companies, that kind of blindness of repurchasing companies which operate in Malaysia should be removed or, at least, be made more flexible."

Unofficial estimates of remaining British assets in Malaysia range from £700m to over £1bn. The two major targets under the next phase of the takeover by Malaysia are likely to be banking and industry.

Behaviour "unbecoming"—Page 28

Australian recovery plan outlined by Hawke

By Michael Thompson-Noel in Sydney

THE AUSTRALIAN Labor Party (ALP) yesterday outlined an economic recovery programme designed to create 500,000 jobs and produce a growth rate of 5 per cent by 1988.

Mr Bob Hawke, the new ALP leader, also launched a bitter attack on the record of the ruling Liberal-National Party Government, claiming that its restrictive monetary policies had kept the Australian economy in "almost perpetual recession," apart from the resources boom, in the late 1970s.

Mr Hawke said Labor's plan for economic recovery included an extensive capital works programme, tax cuts, and support for the private sector.

The plan was attacked by Mr Malcolm Fraser, Prime Minister, who said it was "waffly and vague in the extreme." He said Labor had "blown" its election chances, and said the ALP plan foreshadowed a balance of payments crisis.

Mr Hawke said the initial cost of his programme would be a net first-year addition to the budget deficit of some A\$1.5bn (£1bn). The budget deficit for 1982-83 is already likely to exceed A\$1bn.

It was Mr Hawke's first major policy statement since succeeding Mr Bill Hayden as Labor leader last week.

Figures published yesterday showed that unemployment last month was 10.1 per cent, against 9.6 per cent in December and 6.5 per cent in January 1982. The seasonally-adjusted rate was 9.3 per cent, the same as for December.

Mr Hawke was breezy and relaxed yesterday, and said an important element of Labor's recovery plan would be a boost in public investment.

In addition to a community works programme, Labor planned to increase total housing starts to about 160,000 after three years.

Labor would also introduce a private sector assistance programme and an industry reconstruction plan.

On tax, Mr Hawke said Labor would introduce cuts for lower and middle-income earners.

"The total cost of Labor's expansionary measures would be of the order of A\$2.75bn in our first full year," said Mr Hawke.

Philippines crackdown on Communist insurgents

BY EMILIA TAGAZA IN MANILA

TROOPS, boats and helicopters were rushed to the Mindanao region of the southern Philippines yesterday on the third day of the Philippine military's intensified campaign against Communist insurgents.

President Ferdinand Marcos last Monday ordered the deployment of more troops and weapons to Mindanao, following ambushes of government troops and civilians by the New People's Army (NPA), the military arm of the outlawed Communist Party of the Philippines (CPP).

Twenty-four people were reported killed in three NPA attacks in the province of Davao del Norte.

The military said that, as a result of the operations, nine Communist guerrillas were killed and 27 others were injured.

It says that the NPA has shifted the concentration of its forces to the northern and eastern Mindanao provinces adding that there are more than 1,000 NPA regulars in the area, with some 1,800 active supporters.

Japanese opposition loses important man

BY JUREK MARTIN IN TOKYO

THE SANDS of Japanese politics have shifted again with the death from a heart attack of the important number two man in the Japan Socialist Party (JSP), the largest opposition group in the Diet.

Mr Takeshi Hirabayashi had only held the post of party secretary-general since December, when he benefited from a mini-purge of the JSP's left-wing.

But it has been significant that since then the JSP has shown signs of getting together with some of the

other opposition parties.

A testament to this co-operation has been the now unified motion by all the opposition parties calling on Mr Kakuei Tanaka, the former Prime Minister, to resign his seat in the Diet because of the Lockheed bribery accusation against him.

Mr Hirabayashi also managed to mend some fences with Komeito, the next largest opposition group, in a meeting with his counterpart last month.

Armed guards surround Mrs Gandhi in Assam

BY K. K. SHARMA IN NEW DELHI

PRIME MINISTER Indira Gandhi yesterday began a brief election tour of the violence-ridden north-eastern state of Assam, amid the tightest-ever security arranged for her. She spoke to a small gathering as thousands of armed paramilitary forces kept guard.

As she spoke, there were reports of renewed violence by agitators seeking the cancellation of the elections due to begin on Monday. Police fired on mobs seeking to storm Government offices and killed at least five people, bringing the

death toll in the violence in Assam this month to more than 40.

Mrs Gandhi will spend just two days in Assam and another in the neighbouring state of Meghalaya where elections are also to be held on Monday. This is possibly the shortest spell of campaigning the Prime Minister has ever done in any election.

Mrs Gandhi's Congress (I) Party is expected to win easily in Assam because the elections are being boycotted by the main opposition parties.

Why the nightmares may be just beginning for Ghana

BY A SPECIAL CORRESPONDENT IN ACCRA

SUNDAY MENSAH, aged 23, left Ghana for Nigeria two years ago after failing to find a job as an engineer in his native country. Now he is heading back to his home village near the town of Kumasi, again with little hope of finding any employment.

Although he could have stayed longer in Nigeria after the Lagos Government ordered the expulsion of all aliens last month because his qualifications gave him a four-week reprieve, he left because he feared retri-

sals from the Nigerian people.

Yesterday, against the odds, he was optimistic about his future in Ghana.

Sunday is one of thousands of young men in their twenties who left their farms in disillusionment for the bright lights of oil-rich Nigeria.

Known as the "Agege boys," after a notorious Lagos slum, they have returned to their country even more destitute than when they left.

A large cassette player or radio is probably their only

asset. But as one Western diplomat put it: "The problems will start when they find they cannot buy new batteries."

Many expatriates in Accra are not waiting for the batteries to run out. Fearing the anger and frustration of returnees who cannot get jobs, they are taking extra security precautions and hoping for the best.

The first stages of the repatriation of the estimated 1m Ghanaians have been carried out swiftly and successfully by

Nigeria's chief fire officer and a senior Interior Ministry official have been accused in court in Lagos of accepting a Naira 50,000 (£47,000) bribe to allow the country's telecommunications headquarters to be set on fire, Reuters reports from Lagos.

The Government of Lt Jerry Rawlings. The desperate scenes at the border, the airport and the harbour are a nightmare of the past. Most of the re-

turnees have set off by bus and truck for their villages.

Mr Ato Asumadu, the Secretary for Information, has told the Press in Accra that Ghana can cope with the influx provided that "internal resources could be mobilised."

But there are growing fears that when the returnees discover how little there is for them in the villages, they will return to the urban areas, adding to already severe problems there.

It is generally recognised that without substantial foreign

assistance the deportees from Nigeria will create insurmountable problems for an already unstable government in Accra.

In the short term, the Ghanaian Government has asked for 20,000 tonnes of food over the next three months to feed the incoming deportees. It also needs large quantities of drugs.

Ft Lt Rawlings, chairman of the Provisional National Defence Council, has remained uncharacteristically quiet in the face of this latest setback.

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Deutsche Bank's computer sculpture: Tangible Bond Business.

AMERICAN NEWS

RIO DIARY

Crime and crisis fuel Carnival fever

by Andrew Whitley in Rio de Janeiro

RIO IS steaming in its summer heat. The digital time and temperature boards along the roadside show 30°C (86°F) at midnight. But the city electricity supply is more reliable than in the past and there are few blackouts these days.

Many of the roadside boards carry advertisements for Delin, the privately-owned savings institution just taken over by the government to prevent it going into bankruptcy. Delin was the small savers' piggy-bank, giving one of the best rates of return above Brazil's triple digit inflation. Its closure will be felt keenly in the favelas, the squalid shanty areas draped over Rio's hills.

Long queues wind round the block outside branches of the Caixa Economica, the federal savings bank. Delin deposit-holders are anxious to check up on their accounts which have been transferred there. The people are wearing plastic sandals, shorts and lurid lycra tops — the uniform of the poor. A woman who had been saving for years for an operation to save her son's eyes now wonders aloud when it will happen.

It is the lot of the poor everywhere to queue while the better-off pay someone else to fix the problem for them. Nowhere is this better exemplified than in the often ugly scramble for tickets to watch the highlight of Carnival, the big parade of the Samba schools, which takes place next Sunday. Here, a middle-aged black lady of ample girth, last week settled herself on the concrete outside the counter at the giant Maracana stadium, where the tickets for the grandstands which line both sides of the street are sold. Surrounded by her children, she guarded her position for days until the tickets were put on sale yesterday.

With a poor sense of timing, last year just before Carnival, Rio's then police chief decided to crack down on the "Jogo do Bicho", the illegal lottery conducted on street corners. The crime-linked game changed huge sums of money into the hands of a few individuals, the big "bicheiros", who act as godfathers for their districts, supporting families in distress, financing the local Samba school — and lining their own pockets.

Amid much publicity, the police raided the bicheiros' dens and ignominiously hauled a number of the better-known names away to jail. In response, the fraternity threatened to withdraw their support for Carnival, endangering the parades which for many abroad are synonymous with Rio. A compromise was reached. The bicheiros were quietly released and the show went ahead. Shortly afterwards, the police chief was replaced by a man not around to enjoy the pleasures of summer.

Now that the summer holidays in Brazil are at their height, the beaches are packed. Occasional thunderstorms send the golden sunbathers scrambling for the shelter of a nearby pavement cafe. But the summer rains, with their accompanying annual stories of dozens killed and hundreds homeless, are virtually over. The talk in the cafes along Avenida Atlantica is of the latest crime horror story. In distant Parana State, five men and a woman accused of murdering two taxi drivers were lynched by a gang of more than a hundred men, who descended on the town jail in masks, number plates removed from their cars. Only Sr Carlos Lani Goni, the young central bank governor who, like all "corrupt" residents of Rio — transferred to Brasilia to take up higher office, returns to his wife and home in Rio many days a week as he can, is not around to enjoy the pleasures of summer.

He is off on his marathon travels abroad again, this time wooing the small banks whose withdrawal from lending to Brazil last year helped precipitate the current financial crisis. The rescue package which Brazil proposed to the banks before Christmas is not progressing as well as either the Government or the International Monetary Fund would like. Perhaps it was a central bank employee who was responsible for the offering to an unknown "condomine" — spirit cult deity — laid out neatly by the wayside on a quiet jungle road in the hills overlooking the city.

Glant zodiac-coloured butterflies as large as dinner plates float above, imitating the young bloods who throw themselves off nearby Pedra Bonita, one of the most striking of Rio's bizarrely shaped mountains — to hang glide and circle above the city for hours before landing on San Conrado beach, to the applause of their admiring friends. Summer is here, Carnival is in the air.

U.S. suffers sharp decline in foreign investment

BY PAUL TAYLOR IN NEW YORK

THE NUMBER of overseas investments in U.S. manufacturing showed a further sharp decline last year, the third consecutive fall and one which mirrors the drop in U.S. domestic investment.

Figures released today by the Conference Board, an independent business research group, show that the number fell to 271 last year, from 348 in 1981 and 388 in 1980.

Last year's total was 38 per cent below the 434 investments recorded in 1979 which was the highest level for the 11 years statistics have been compiled.

The decline in 1982 reflected a particularly sharp cut in new plant construction which dropped from 114 in 1981 to 64 in 1982.

Expansion of existing foreign-owned facilities in the U.S. fell from 57 to 53 in 1982, compared to 67 in 1981. Acquisitions of U.S. companies also dropped from a high of 199 in 1979 to 177 in 1981 and 155 last year.

Almost all manufacturing industries registered declines. In the electrical and primary metals sectors, highest number of foreign investments, 85, was made in the machinery industry. The only major sector to show an increase in foreign investments was chemicals, where the number of new investments increased from 43 in 1981 to 45 in 1982.

The board noted the steepest

declines in foreign investment since 1979 have been in the rubber, primary metals, stone, clay and glass industries.

Commenting on the figures yesterday, U.S. economists expressed little surprise that overseas investment had fallen so sharply.

Mr Russell Sheldon, senior economist at Pittsburgh's Mellon Bank, said "investment has been hit by the low level of capacity utilisation."

The strong dollar may have been a further factor pushing down overseas investment in the U.S., he added.

Manufacturing capacity utilisation fell to an average of 68.8 per cent last year, compared with 78.5 per cent in 1981, and sunk to a record low of 67.3 per cent in December.

Mellon Bank estimates total manufacturing investment in the U.S. including foreign investment, fell 4.3 per cent in real terms last year compared with 1.2 per cent decline for all sectors.

The U.S. Commerce Department has yet to release figures for 1982, although a report last month suggested the decline may be even sharper, with total capital spending falling to \$319.9bn (£207.7bn).

The board report shows that U.S. companies continued to be the biggest investors in the U.S. with 43 new investments last year compared with 76 in 1981.

Rift opens in Washington over El Salvador talks

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

FIRST indications of a division in the ranks of the Reagan Administration over its policy towards El Salvador surfaced in Washington yesterday with reports that the State Department was considering a plan to arrange negotiations with the guerrillas trying to topple the country's right-wing government.

The reports are potentially embarrassing to the administration. Frustration is mounting in Congress over the political and military stalemate in El Salvador and Mrs Jeane Kirkpatrick, the U.S. Ambassador to the United Nations, is currently visiting the country to assure the regime of continued U.S. support.

The White House moved swiftly to crush suggestions that a policy change might be in the offing. It repeated last week that the administration was "willing to talk to the guerrillas" but that it was "not willing to negotiate with the guerrillas" and that it was "not willing to negotiate with the guerrillas" and that it was "not willing to negotiate with the guerrillas".

The idea was that the U.S. should consider encouraging negotiations between the guerrillas and the government, possibly through a third country like Spain, while continuing to

support the government's military efforts.

Diplomats said the paper was "signed off" by Mr Thomas Enders, Assistant Secretary for Inter-American Affairs, although he had not personally prepared it.

The suggestion ran into stiff opposition from Mr William Clark, Mr Reagan's National Security Adviser, and Mrs Kirkpatrick, both of whom adamantly oppose negotiations "at the point of a gun."

Mr Enders told Congress last week that negotiations would not stop the killing of El Salvador. "No Latin American government has ever agreed to negotiate with an equal with its armed opposition and survived," he said.

Mr Enders was reported, however, to be concerned that Congress would insist on negotiations. "If the administration did not take the lead," he said.

AP adds from San Salvador: Mrs Kirkpatrick was quoted yesterday as saying the left-wing guerrillas battling the U.S.-backed Government "are near defeat."

"The guerrillas are winning nothing, nor do they hope to win," the newspaper Diaro de Hoy quoted Mrs Kirkpatrick as saying at the central elections commission.

Chile may guarantee bank debts

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE CHILEAN Government is planning to offer some form of guarantee on the debt of private sector banks that is to be rescheduled under a \$3.5bn (£2.3bn) package now being negotiated with foreign bank creditors.

This was stated in London yesterday by Sr Rolf Luders, the country's Finance Minister, who said he hoped to reach agreement with foreign banks on the Wednesday, steps from the rescheduling package in four to six weeks.

The decision to offer some form of guarantee—Sr Luders declined to be specific on the details—will speed up the rescheduling talks.

The bulk of Chile's \$17.3bn foreign debt is owed by the private sector and a lack of guarantee on this portion would have made it hard for most international banks to accept a rescheduling.

However, Chilean officials later made it clear the guarantee would only apply to the debt of private sector banks. The Government does not intend to assume responsibility for the direct foreign debt of the Chilean non-banking sector.

It is not clear what will happen to this debt as it is excluded from the package currently under discussion. Besides new money amounting to some \$1.5bn, the package involves rescheduling of maturing medium- and long-term debt of the public sector and private

sector banks and the rolling over of short-term credit lines.

Last month Chile closed down three financial institutions and appointed government administrators to five leading commercial banks.

Sr Luders said the affairs of the banks would be returned to the private sector in a year, but any guarantee of their rescheduled debt would be effective throughout the life of the rescheduling.

Two banks concerned, which included the country's two largest commercial banks, Banco de Chile and Banco de Santiago, had suffered loan losses totalling between 100 per cent and 300 per cent of their capital, he said.

EXPORT ADMINISTRATION ACT REVISION SOUGHT

Pressure on U.S. to ease overseas controls

BY PAUL CHEESBRIGHT, WORLD TRADE EDITOR

THE REAGAN Administration is coming under increasing pressure from inside and outside the U.S. to loosen both policy and law on the application of foreign policy export controls.

The pressure precedes the expiry next September of the Export Administration Act 1979, the law used last year to impose sanctions against companies, U.S. and foreign, providing equipment and technology to the Soviet-West Europe gas pipeline.

Foreign concern, expressed most recently by Mrs Thatcher, the Prime Minister, to Vice-President George Bush on Wednesday, stems from resentment that the U.S. should seek to control the companies of other countries in pursuance of its own foreign policy.

This chimes in with increasing worries among U.S. businessmen about what Mr Howard Lewis, assistant vice-president

of the U.S. National Association of Manufacturers, called the "expansion of foreign policy controls" that are more than just a short-term inconvenience but "have long-term implications for U.S. international competitiveness."

At the same time, there is a movement in Congress to change the working of the foreign policy controls. The export control regulations are a "nightmare," Mr Lionel Olmer, Under-Secretary of Commerce, says.

The regulations provide the working parts for the Export Administration Act, which essentially is enabling legislation that lists broad criteria for the imposition of controls.

It covers both national security and foreign policy controls, but it is the latter which create concern. Criteria for the use of foreign policy controls include the reaction of other countries to their imposi-



President Reynaldo Bignone

Junta puts pressure on Bignone

By Jimmy Burns in Buenos Aires

ARGENTINE President Reynaldo Bignone was yesterday believed to be struggling for his political survival amid persistent reports of renewed military divisions and growing tensions between the armed forces and the politicians.

Government officials moved moved swiftly to deny suggestions that a major political reshuffle was being contemplated by some senior officers.

However, it is understood the President's conciliatory attitude towards the increasingly hostile politicians has been privately criticised by the junta.

At the same time the junta is believed to be again facing considerable pressure from junior and middle-ranking officers for its apparent reluctance to consider the possibility of producing the conduct of the Falklands war and allegations of corruption.

The junta is reported to have been angered by the publication last week of a statement by the five main political parties criticising the military regime's economic policies and demanding a handover of power to civilians by October 12.

President Bignone is currently negotiating with the politicians in the hope of postponing elections until November 6. The junta, however, is reported to be reluctant to bow to civilian pressure and would like to fix a timetable for elections without prior consultation.

The junta was yesterday reported to be considering formally charging a number of senior politicians with "criminal slander" because of their outspoken attacks on the armed forces.

The politicians include Sr Raul Alfonsín, a leading presidential candidate for a sector of the Radical Party, and his running mate, Sr Victor Martinez, a lawyer. Sr Alfonsín recently said the Falklands War had been a "costly adventure."

Row grows over Japanese radios for British ships

BY JASON CRISP

A ROW IS growing in the UK over the fact that a Japanese company achieved the essential technical approval to supply marine radio for British ships from a government department.

British manufacturers fear they may lose their share of the already depressed market for marine radio and radar. They believe there is no chance of achieving a reciprocal opportunity to sell to Japanese ships.

Radio and radar equipment sold into ships of over 1,600 tons gross must have the type approval of the country where the ship is manufactured. In the UK type approval for radio is performed by the Home Office and navigation equipment by the Department of Trade.

Last year the Japan Radio

Corporation (JRC) sought type approval from the Home Office for marine radios. Approval was recently given. Marconi International Marine, a subsidiary of GEC which has the major share of the market for supplying radio to British merchant ships is likely to be hard hit.

With a significant proportion of British ships being built in Japan and other Far Eastern countries it is feared the UK companies will be undercut on price. Japanese shipbuilders would also be likely to favour domestically made equipment.

The complaint is about the ease with which JRC has achieved approval without any consideration being given to the implications for British companies.

The Department of Trade

equipment from any manufacturer irrespective of origin. The Home Office engineers actually flew to Japan last year to perform the tests on JRC's equipment at the company's expense. [The Home Office now tests equipment in the UK.]

The technical standards for Japanese ships is lower than the UK and different in part from the international standards. One British company said it would be impossible to sell to the Japanese ships because of the difference in standards and price. It is also though highly unlikely a foreign company would receive technical approval in a reasonable time span.

JRC also has applications for technical approval of marine radar equipment with the Department of Trade at the moment.

Greece seeks energy expertise

BY RAY DAFTER, ENERGY EDITOR

GREECE IS exploring ways of using UK technology to reduce its dependence on imported energy.

In particular, officials of the Greek Government are investigating ways of exploiting UK research and development into wind power and geothermal energy.

Aerogenerators are being built and tested in a number of UK sites — including Wales and the Orkney Islands, Scotland.

Mr Evangelos Kouloumbis, the Greek Energy Minister, told the Financial Times that these could provide an important source of electricity on Greece's many islands. The Greek Government had decided to install 20.6 MW of aerogenerators, mainly on islands by 1987.

Mr Kouloumbis was speaking in London following talks with Mr Nigel Lawson, Energy Secretary, and officials of various energy authorities.

Mr Kouloumbis said that apart from wind power, Greece was also interested in exploiting the natural geothermal energy of hot rocks in a way now being tried in Cornwall and Hampshire.

The Greek Government is

hoping to obtain European Economic Community aid for some of its proposed alternative energy projects.

Dr Andreas Papandreu's Socialist Government has not only by itself but also by British people in the Government and at the private level.

French, West German and Italian companies have tentatively agreed to negotiate a joint contract to buy liquefied natural gas from Cameroon.

AP-DJ reports from Paris. Gaz de France, Ruhrgas of West Germany and Snam of Italy have agreed in principle to establish a purchasing consortium. A Gaz de France official said.

The French and German concerns each will absorb 37.5 per cent of the LNG, with Snam taking the remaining 25 per cent. No contract is expected to be worked out until 1984-85. The African nation has yet to start production.

Tanzania has signed an 18-month agreement with Elf Aquitaine for oil and gas exploration for oil off the Tanzanian coast. Reuter reports from Dar-es-Salaam. Exploration is to start in the next six months.

Daimler-Benz to build plant in Egypt

By Stewart Fleming in Frankfurt

DAIMLER-BENZ, the West German automobile manufacturer, is expecting that work will start this year on the construction of what it believes to be the first West German joint venture assembly plant in the Near East.

The company confirmed yesterday that the Egyptian Investment Authority has approved the plan to build a plant which will make medium and heavy trucks, buses and cars in Egypt.

The initial investment is estimated to be around DM 150m (£39.9m), with Daimler-Benz having a 25 per cent stake.

Although further approvals are needed, the decision by the Investment Authority is seen as the decisive step. It is expected that production will be ready to begin in about 12-15 months.

ECGD restores Turkish cover

By Our World Trade Staff

THE EXPORT CREDIT GUARANTEE DEPARTMENT announced yesterday that a limited amount of insurance cover is to be restored for UK exports of goods and services to Turkey, sold on terms not exceeding 180 days credit, with effect from March 1. The cover will be conditional on bank security for payment being obtained in a form acceptable to ECGD.

The ECGD applied restrictions on cover for business with Turkey in 1977 because of the difficulties Turkey was experiencing at that time, resulting in debt rescheduling agreements.

controls to regulate technology sales already the subject of boia side contracts. Much of the technology used by European manufacturers for the pipeline is of U.S. origin.

Further the repercussions of the foreign policy controls are especially disturbing in the light of the availability of so many of the products covered by U.S. control regulations.

Mr Lewis said in a recent speech. And, he claims, there seems to exist a temptation to impose controls when the U.S. has a competitive advantage. He cited large diameter pipes, submersible pumps and drilling bits.

But it is not yet clear whether bodies like the Association will decide to push for the abolition of foreign policy controls, or whether it will be content to see changes in the implementation of controls.

Iraq asks Marubeni to reschedule payments

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

TWO JAPANESE trading companies involved in construction projects in Iraq confirmed yesterday that they had received requests from the Iraqi Government to discuss possible rescheduling of the payments due in 1983.

The Iraqi letters made no specific proposals on the timetable for rescheduling. The companies approached by Iraq are Marubeni Corporation which is involved in three major construction projects whose total value exceeds ¥200bn (£249bn) and Mitsubishi (two projects worth a total of around ¥100bn). The two companies have yet to reply to the Iraqi Government.

Several companies involved in plant construction in Iraq denied that they had been contacted with requests for re-financing.

One such company, Chiyoda Chemical engineering, which has virtually completed work on an oil refinery and LNG plant worth ¥100bn together, said it had experienced no problems with payments.

Payments for construction projects being carried out by Japanese companies in Iraq are on a cash basis with instalments due at various stages.

The supposition is that Iraq wishes to shift from this system to some kind of deferred payment arrangement.

TURNER & NEWALL, Britain's major manufacturer of asbestos products, has reached a long-term agreement with Unifika, a Japanese synthetic fibre company to import a fibre which can replace asbestos.

Under the agreement, which was reached in principle last December, the Osaka-based company will export about 10 tons a month of Mewlon, a polyvinyl fibre which can be used in corrugated asbestos cement sheeting and other products.

T & N said yesterday that imported fibre will initially replace asbestos in about 10 per cent of its output of 15,000 tons of flat asbestos cement sheets a year. These sheets are primarily

used in the construction industry. This proportion is expected to go up as the demand for the non-asbestos sheets grows.

The company said it expects to be able to use the new fibre in corrugated asbestos cement sheeting and other products also plans to market Mewlon worldwide.

Currently, the worldwide demand for asbestos for use in asbestos cement amounts to about 2m tons annually.

T & N is also considering producing the fibre in the UK. In December, Hoechst, the West German chemical group, announced its own range of synthetic fibres which it said will be used to replace asbestos.

Turner & Newall in fibre import pact with Japan

BY CARLA RAPAPORT

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Houston rejected lowest rail cars bid

By Paul Taylor in New York

THE HOUSTON Metropolitan Transit Authority has revealed that it did not accept the lowest cash bid for its 130 railcar contract, which was awarded to a Hitachi and Ciltah joint venture on Tuesday.

The Houston MTA said that it received 10 bids for the contract to supply cars for the 13.2-Mile first section of the Houston regional rail system, including five bids from Japanese companies.

The Hitachi-Ciltah bid for \$138.5m was \$15m below the MTA engineers' estimates for the cost of the car but the MTA said yesterday that the "apparent low bid" of \$110.5m was made by Can-Car Rail, a division of Hawker Siddeley Canada.

Can-Car Rail's bid was rejected, the MTA said, because it did not meet the full contract specifications for air conditioning, certain fire and safety requirements, braking system and the Houston MTA's requirement that bidders provide parts and maintenance for two years after delivery.

The Hitachi-Ciltah bid was "the lowest responsive bid," the MTA said. The cars are due for delivery in 1986.

The other eight bids were received from Alstom-Atlantique of France (\$142.8m); Hitachi of Japan (\$146.2m); West Car Rail, a consortium composed of Westinghouse of the U.S., Francorail of France, and Metro-Camwell of the UK (\$157.8m); Nishio Iwai of Japan (\$177.6m); Baid Company of the U.S. (\$187.1m); Sumitomo Corp. of Japan (\$196.8m); MBB Transit of West Germany (\$244.4m); and Marube of Japan (\$256.4m).

The MTA said that all the bids met its condition that 50 per cent of the parts used in the cars be U.S. parts and that the cars be assembled in the U.S. It said that Hitachi and Ciltah will use "100 per cent U.S. parts" and added that the cars may be built in Texas.

By specifying the U.S. minimum content, the MTA will be eligible, under the U.S. safe harbour leasing provisions, to sell its tax benefit to a U.S. corporation. The MTA said this should result in receipts of about \$25m.

By Andrew Whitley in Rio de Janeiro

VOLKSWAGEN do Brasil, the leading Brazilian vehicle manufacturer, has won a \$300m contract to supply Iraq with 50,000 cars over the next four years.

The contract is the largest single export order won by the Brazilian vehicle industry and strengthens Volkswagen's hopes of setting up an assembly plant in Iraq.

The Sao Paulo-based company is to begin shipping the first 20,000 four-door Passats destined for Iraq this year in March. Deliveries of a further 10,000 a year will take place up to late 1986.

Last week, VW do Brasil concluded an agreement with Algeria, another traditional market for the company, for the supply of 4,000 Kombis until next year.

The two agreements in quick succession set the German-owned company well on its way to its 1983 export target of \$450m. Along with virtually all the other Brazilian vehicle manufacturers, the company's sales abroad slumped last year — in VW's case to \$200m.

After several years of intermittent negotiation with Iraq over the possibility of local car assembly, VW do Brasil, the company was cautious yesterday about the prospects.

Sr Admon Garen, its commercial director, said VW do Brasil had advised the Iraqi Government to adopt a laissez-faire approach towards establishing its own vehicle industry.

Output from Volkswagen's Brazilian plants is currently running at about 1,500 vehicles a day and the Iraqi order is expected to boost production by a further 5 per cent.

VW do Brasil returned to profit last year after a disastrous 1981 when domestic sales slumped by over 40 per cent. However, the past year's results have not yet been disclosed.

The Passat has been established in recent years as one of the best selling passenger cars in Brazil, together with the long-running Beetle.

Last year, the Passat's domestic sales were overtaken by Volkswagen's locally named "Voyage", a middle range car intended to prepare the company for the launch of the larger and more luxurious Santana.

France suspends Iraqi cover. Page 2

UK NEWS

Price of strip mill products to rise 10%

BY PETER BRUCE AND IAN RODGER

THE BRITISH Steel Corporation will announce price increases of about 10 per cent next week on its main strip mill products.

The increases, which will be applied to hot rolled and cold reduced coils from April 1, reflect BSC's confidence that the recent upturn in demand for British steel will be sustained. The corporation last raised its prices in January, 1982, but discounting became widespread late last year as demand slumped.

Another indication of a firming of demand came in the British steel production figures for January published yesterday. Production last month averaged 250,300 tonnes per week, about 12 per cent above the depressed rates of last autumn, although still 8.5 per cent below the rate in January 1982.

The underlying improvement is stronger than the latest figures indicate. The January average was pulled down by the slow return to production at many works after the Christmas break.

The improvement in the UK is in contrast to trends elsewhere in Europe. French steel production, for

example, was 24 per cent lower in January than a year earlier.

Mr Ron Cash, secretary of the National Association of Steel Stockholders, said leading UK stockholders had been given advance notice of the BSC price increases, £17 on hot rolled coils, raising the price to £210 per tonne, and £24 on cold reduced coils, raising the price to £266 per tonne.

"I'm surprised that they have gone and notified so early. Continental (European) mills are being very cautious about quoting into the second quarter," he said.

There have been indications that the recent sharp decline in the value of sterling has discouraged some overseas steel producers from selling in the UK, and opened the way for the BSC to try to increase its prices and market shares.

However, the picture is not uniform across the steel product range. Last week, BSC had to reduce its list prices for welded tubes and hollow sections by 25 per cent in recognition of the substantial erosion that has taken place in the markets for those products.

ICI plans to build £20m acid plant

By Carla Rapoport

IMPERIAL Chemical Industries (ICI), one of Britain's largest manufacturing groups, has announced its first capital investment in three years.

The company plans to build a £20m hydrofluoric acid plant at Runcorn, Cheshire. ICI is a world leader in the £1bn hydrofluoric acid market.

The substance is an important intermediate in the manufacture of fluorinated derivatives such as refrigerants, propellants and solvents.

The new facility will replace existing plant, but will provide opportunity for expansion if the demand for the intermediate continues to grow. The plant is expected to be completed in 1985 and will result in the loss of about 50 jobs.

At its peak, the construction force is expected to number 200. ICI said yesterday that 90 per cent of the equipment for the plant will be bought from UK suppliers.

The chemical group will be reporting its 1982 results in less than two weeks time. The City is expecting a drop in profits from last year's £335m pre-tax profit, but expects the company substantially to improve its profitability in the current year.

PARLIAMENT TO HOLD EMERGENCY DEBATE

Water strike bites harder

BY IVOR OWEN AND PHILIP BASSETT

AN EMERGENCY House of Commons debate will be held on Monday on the national water strike, which has now lasted for nearly three weeks.

The effects of the strike hardened yesterday, and Mr Gerald Kaufman, the Labour Party spokesman on the environment who will open the debate, warned of the potential danger to public health.

Mr Tom King, the Environment Secretary, said that if the need arose the Government would intervene to protect the life and health of the community.

A power station at Leeds closed yesterday because water quality was below standard. The number of properties without mains supplies rose to 38,500, and the number advised to boil water before use rose to 7m. In Birmingham, water authorities appealed for water use to be cut by 20 per cent in an effort to prevent serious disruption of supplies.

Mr Kaufman contended that the National Water Council (NWC), the employers, had mismanaged the negotiations and he endorsed demands by the unions for an inquiry into the pay dispute.

The unions want a 15 per cent rise and the employers have offered 7.3 per cent over 18 months, although earlier this week they said that they had miscalculated the of-



Mr David Steel: criticised 'incompetent' negotiations

to set up such a committee had collapsed after the employers rejected the idea because of the unions' insistence that they would not accept its findings as binding.

However, Mr Eddie Newall, secretary of the trade union side, said yesterday: "If we got into such a high-ranking inquiry we would find it very difficult - if not impossible - to walk away from the findings."

Mr Ron Keating, chairman for the unions, said the experience was that trade unions tended to accept the findings of such inquiries. He said: "If the employers went to an inquiry, and it came down against us, and we walked away from it they would certainly be in a better position than they are now."

Employers' leaders were unable to say what they would lose if they agreed to a non-binding inquiry, particularly if it would be quickly concluded, as would be likely.

The NWC insisted that any inquiry would have to be binding. But it was careful to stress that it was not rejecting the principle of such an inquiry.

Sir Robert Marshall, a former NWC chairman, yesterday attacked the Government's interference in the dispute. He said the Government's involvement made for "impossible negotiating positions."

Arbitrator to rule in claims against ex-Howden directors

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

FOUR former directors of Alexander Howden may have succeeded in heading off the multi-million dollar High Court claim for damages for alleged fraud and misrepresentation brought against them by Alexander & Alexander Services, which acquired Howden last year.

A Commercial Court judge yesterday ruled in London that an arbitrator must decide whether A & A is bound by a secret agreement made last August not to take civil court proceedings against the four.

Mr Justice Lloyd, sitting in private, granted Mr Kenneth Grob, the former Howden chairman, Mr Alan Page, Mr Ronald Comery and Mr Jack Carpenter an order staying A & A's and Howden's actions pending the outcome of the arbitration.

A & A and Howden were given leave to appeal against the order.

The companies issued writs against the four and Mr Ian Postgate last September, alleging that substantial amounts of Howden's assets had been misappropriated and channelled into offshore companies controlled by the defendants, or in which they had an interest.

The writs acknowledged that on August 14, A & A agreed not to take

civil proceedings against Mr Grob, Mr Page, Mr Comery and Mr Carpenter provided they returned certain assets - including a villa in the South of France, works of art and shares - to a total value of about \$29m.

The agreement to release from legal proceedings was made conditional upon the four making full disclosure of all aspects of the transactions in dispute and of all of their assets arising from those transactions.

A & A contend that the four did not fulfil those conditions and that the August agreement is, therefore, nullified.

Mr Grob, Mr Page, Mr Comery and Mr Carpenter have contended that they fulfilled their side of the agreement and returned virtually all the assets in question.

If the arbitrator holds that the four did fulfil their side of the agreement, A & A will be able to take the matter no further.

If, however, the arbitrator decides that the release conditions were not fully complied with, A & A's action in the High Court will go ahead.

Steel chief interested in top coal job

BY IAN RODGER

MR IAN MacGregor has confirmed his interest in becoming chairman of the National Coal Board in July when Mr Norman Siddall, the present chairman, retires.

The 70-year-old chairman of the British Steel Corporation (BSC) said in a statement that he had discussed the matter with the Government "but many factors have to be considered before any decision is taken."

A spokesman said that Mr MacGregor's family would prefer that he return to the U.S. but that he himself was eager to administer to the coal board the same harsh medicine he applied to BSC.

More than 80,000 jobs have been cut at BSC since Mr MacGregor became chairman nearly three years ago.

He is said to believe that the coal board is extremely inefficient and a drag on the entire UK economy because high energy prices hurt the competitive position of British industry in the world. He is upset that, unlike other nationalised industries the Coal Board has not improved its performance much during the current recession.

Mr MacGregor is knowledgeable about the mining industry, having been chairman of Amax, the large U.S. metals and mining group from 1966 to 1977.

He is also admired by Mrs Margaret Thatcher the Prime Minister.



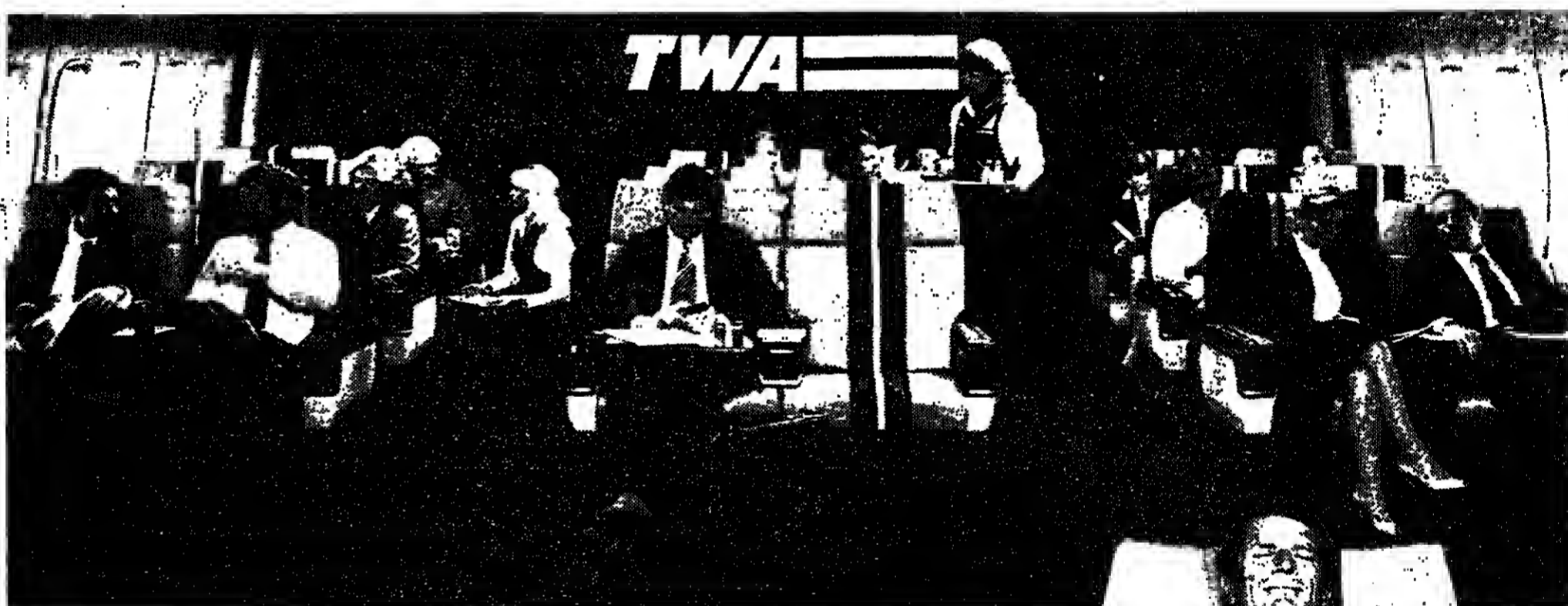
MacGregor: eager to dispense harsh medicine

He said in the House of Commons on Tuesday that he had done "a superlative job" at BSC.

If he takes the coal job - and a decision is expected very soon - he would leave the BSC when his three-year contract expires in June.

Notwithstanding the collapse in demand last year, he believes the steel corporation is well on course for survival and that it has competent managers to carry on. He strongly recommends that Mr Bob Scholey, BSC's deputy chairman, succeed him, although it is acknowledged that Mr Scholey is not popular in some Government circles.

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UK NEWS

British Gas raises value of Dorset oilfield stake

BY RAY DAFTER, ENERGY EDITOR

BRITISH GAS has been understood to have raised the value of its holding in the Wyth Farm oilfield in Dorset by over 11 per cent, to £500m, and further frustrated the Government's attempt to sell the assets to private interests.

Wyth Farm is by far the largest onshore oilfield in the UK. The new estimate, based on recent drilling results, has widened the gap between the state-owned corporation's valuation and the prices bid by potential buyers. In a recent auction, three groups are understood to have offered considerably less than £200m for British Gas's 50 per cent interest in Wyth Farm.

Mr Nigel Lawson, Energy Secretary, is now reconsidering his privatisation proposals for Wyth Farm. He is anxious not to be seen to be selling the assets too cheaply. British Gas, which opposed the sale, last year valued its share of

the assets at £450m. The estimate, provided to the all-party energy select committee of MPs, was based on proven reserves for the field of 221m barrels together with 130m barrels of "probable" recoverable reserves.

Since then British Gas, operator of the field, has conducted further drilling tests with the result that it has increased its estimate of proven reserves. It is understood that these estimates, together with the valuation of assets, have been passed to the Energy Department.

Mr Lawson and his advisers are still considering ways in which to dispose of the British Gas assets. It is understood that the three bidding groups have been asked to revise their offers.

The three groups were: a consortium of independent companies by London and Scottish Marine Oil; a group led by Rio Tinto-Zinc and including Charterhouse Petroleum

and Associated British Foods; and an independent company, Ashdown Oil. It is thought that none of these groups offered a cash payment of more than £100m, although the offers did include provisions for further payments once more was known about the field's reserves and production prospects.

Mr Lawson, who remains committed to the disposal of the British Gas interest, has three basic options:

● He can go ahead with the sale and risk being accused of selling the assets too cheaply. British Petroleum, holder of the other 50 per cent stake, has the option of buying the British Gas share just by matching any other bid.

● He can proceed on the basis of a restructured bid. Wyth Farm sale into a much wider disposal of British Gas oil assets planned by the Government.

BA 'winter sale' in U.S. fares

By Michael Dome, Aerospace Correspondent

BRITISH AIRWAYS is offering an end-of-winter sale of tickets to many U.S. destinations from Heathrow Airport - London.

A passenger booking by February 21 and making the flight by February 28 will pay up to £70 below normal seasonal rates for a Super Apex return journey.

The return fares now being offered from London include: Chicago £325 (C30 off); Detroit £325 (C20 off); Los Angeles, San Francisco and Seattle £340 (C70 off); Miami and Tampa £250 (£45 off); Orlando £250 (£45 off); and Washington £310 (£16 off).

The aim is to fill aircraft that would otherwise have empty seats because of slack traffic at this end of the winter and to encourage North Atlantic travel generally.

BA believes potential travellers have been discouraged by high fares and thinks that if they can be encouraged to fly to the U.S. at least once, they may fly there again.

The airline says the 21-day advance booking required for Super Apex tickets is being waived and travellers will be able to stay in the U.S. for between five and 21 days.

● BA is also now offering a super-saver air successor to the luxury cruise - an 18-day holiday by Concorde to the U.S. and the Pacific for just under £3,000.

The trip starts with a flight by Concorde to Washington, takes in Las Vegas, San Francisco, Hawaii, Vancouver, Edmonton and New York and returns to London by Concorde all the way.

OECD economic survey of the UK

Recovery expected to be very weak

BY ROBIN PAULEY, ECONOMICS STAFF

THERE IS considerable doubt as to whether the basis for a strong economic recovery exists in Britain, in spite of the Government's anti-inflationary efforts since 1979. This is according to the latest analysis by the Paris-based Organisation for Economic Co-operation and Development (OECD).

The OECD says the central part of the policy approach has succeeded: the rate of inflation, influenced by weak import prices and, lately, lower pay settlements, fell from more than 20 per cent in 1979 to about 6 per cent at the end of last year. It was the lowest rate for more than 11 years.

On the other hand, the falls in output and employment were severe - greater than envisaged by the Government and greater than in most other OECD countries.

The world recession has contributed to the sharp fall in UK manufacturing production, to a level 18 per cent below that of 1979, and to the rise in unemployment from 5 per cent of the workforce to 12 per cent. But a worse factor has been the unprecedented loss of competitiveness since 1979-80, coupled with the rise in the value of the pound.

Although the rate of inflation will fall lower - and even here the OECD is more gloomy, predicting 6 per cent by 1984 compared with 4 per cent which it forecast for 1984 only two months ago - the recovery in demand is expected to be very weak.

Productive investments and exports are not expected to recover at all, export market shares will fall further, the current external account will deteriorate and unemployment will continue to rise to 14 per cent of the workforce by 1984.

The unsatisfactory outlook for the economy does not mean fiscal policy should be significantly relaxed. A cut in personal taxation in the budget next month would not have worthwhile employment effects although tax burdens could be eased at the bottom end of the scale. But the main thrust of adjustments should be to ease industry's costs. Improvements in productivity

and competitiveness were crucial, as was a stronger dialogue between Government, employers and unions over pay.

The OECD bases its gloomy projections on the assumption that world trade will recover gradually to a rate of growth of between 4 and 5 per cent in the first half of 1984.

It also assumes that rising unemployment, the fall in the inflation rate and the Government's policy of limiting public sector pay rises will all cause the underlying growth of average earnings to decelerate to around 5 per cent by mid-1984. It assumes that real interest rates, still historically high, will be marginally reduced.

By also assuming unchanged exchange rates and policies, with the easing of fiscal policy which this implies to remain consistent with the medium-term financial strategy, the report predicts labour costs to be rising at an annual rate of only about 4 per cent by mid-1984. That would be the lowest rate since 1965.

Consumer spending is expected to grow, and despite some further reduction in employment, government consumption is also expected to rise up to mid-1984.

Public sector investment is predicted to be strongly expansionary in 1983-84. But it is at such a low ebb that even by mid-1984, the OECD says, it may still be about 63 per cent below the level of 1974.

The report assumes that part of the fiscal adjustment needed to raise the British public sector borrowing requirement to its original planned level of 2 per cent of gross domestic product (GDP) in 1983-84 will take the form of higher capital spending.

The significant restructuring in industry and services to try to contain labour costs and a small decline in real interest rates could also help the rise in capital investment.

However, the report expects investment in manufacturing to remain weak. It will reflect the substantial margin of unused capacity, sluggish world demand up to the middle of this year at least, and the

	Short-term prospects (Annual percentage change from previous period)				
	1981	1982	1983	1984	1985
Private consumption	0.4	1	1	1	1
Government consumption	0.0	1	1	1	1
Fixed investment	-8.2	2	3	3	3
Public	-17.6	4	4	4	4
Private	-3.8	5	2	2	2
Final domestic demand	-1.2	1	2	1	1
Compromise adjustment	-0.2	-	-	0	2
Total domestic demand	-1.6	2	2	2	2
Exports	-2.2	3	3	3	3
Imports	-0.3	4	4	4	4
Real Foreign Balance	-0.5	-1	-1	-1	-1
GDP at market prices	-2.2	1	1	1	1
Memorandum items:					
Real personal disposable income	-1.9	-2	1	1	1
Personal savings rate	13.4	10	9	10	10
Private consumption deflator	10.8	8	6	6	6
Manufacturing production	-6.4	-4	1	1	1
Unemployment rate	11.3	13	14	14	14

* Change as a per cent of GDP in the previous period
* United Kingdom, including school leavers as a per cent of total employees
Sources: Economic Trends, OECD and OECD

weak cost and price competitiveness of wide sectors of British industry and services.

As the OECD projections are based on the assumption of a recovery phase for the world economy, the expected rise in British GDP is very weak. Continuous growth of total domestic demand, averaging an annual rate of 2 per cent over the three half-years to mid-1984, is expected to be partly offset by deteriorating real foreign balances, giving an annual rate of growth of real GDP of only 1 per cent.

The growth of manufacturing output will be even less, reflecting the continuing loss of both external and domestic market shares.

The unusually large deterioration of external competitiveness of recent years will continue to affect trade flows.

In the past, both export prices and profits on exportables (and on import-competing goods) moved relatively smoothly. However, since 1979 the former experienced an ex-

traordinarily big rise and the latter an equally important decline, with many companies actually incurring heavy losses.

Under these conditions a sizeable deterioration in competitiveness has two important effects:

● In view of the relative price rise of British goods, importers shift to other producers and British consumers switch to imports.

● Supply is affected as loss of profits on export and weak domestic demand lead, over time, to a cut in output and capacity.

The second of these effects is expected to become more important between now and mid-1984, although the recent sharp decline in the exchange rate should offset it. If there is an ensuing improvement in competitiveness (which would occur unless sterling appreciated again), the loss of export market shares might be limited to around 1 per cent. That would be significantly below the long-run trend loss of the past two decades.

Since mid-1981, however, non-oil imports have risen dramatically with imported manufactured goods rising fastest - up 10 per cent with a corresponding 15 per cent fall in UK manufacturing output.

The report spends some time analysing the decline in British competitiveness. The increase in relative unit labour costs was about 45 per cent between the average level of the five years to 1977 and the five years to 1982. Appreciation of sterling accounted for about five of these percentage points and high pay rises coupled with low productivity for the other 40.

In the first few years after 1977, higher labour costs reflected in export prices considerably raised the value of manufactured exports, resulting in substantial gains in market shares in value in the four years to 1980.

However, as time passed, the effects on export volumes of high export prices and relative costs began to gather strength to give historical large losses in (volume) export market shares in manufactured goods.

The cumulative volume loss in export market shares in this sector has been 25 per cent in the last five years, as much as during the previous 10 years.

This has been matched by growing import penetration of the UK home market. Import penetration increased by about seven percentage points to 23 per cent of the home market between 1970 and 1974, reflecting buoyant domestic demand and loss of competitiveness after 1972.

Competitiveness improved and the rate of growth of import penetration declined between 1975 and 1979 when it had reached 25 per cent.

In 1980 and early 1981, the depth of the recession and related de-stocking more than offset the deterioration of competitiveness. So contraction of home demand was accompanied by a fall in the volume of (non-oil) imports.

Since mid-1981, however, non-oil imports have risen dramatically with imported manufactured goods rising fastest - up 10 per cent with a corresponding 15 per cent fall in UK manufacturing output.

The union will be making approaches to Mr Nigel Lawson, Energy Secretary, and to Mr Michael Foot, Opposition leader.

A further dispute between the NUM and the National Coal Board has arisen over the membership of the National Reference Tribunal - the industry's top conciliation system. The two sides have failed to agree on a recommendation to put to Lord Donaldson, the Master of the Rolls, who is responsible for appointing members to the tribunal.

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Lloyd's considers £10m case of the kidnapped racehorse

BY JOHN MOORE, CITY CORRESPONDENT

"IT IS a mare's nest," quipped the Lloyd's of London man. He was reflecting on the possibility of a string of insurance claims from a syndicate of investors in the kidnapped stallion Shergar.

Gallows humour was very much in evidence among livestock insurance underwriters in London yesterday. After all, they could face up to £10m in insurance claims for Shergar, the racehorse, which won the 1981 English Derby and is one of the most valuable in the world, was kidnapped in Ireland on Tuesday night. A ransom demand for £2m has been made.

About half of the insurance for Shergar is placed with Lloyd's underwriters and the balance is insured with insurance companies. But yesterday it emerged that not all the investors had taken out insurance on their investment.

"They are, after all, millionaires and wouldn't necessarily worry about something like that," one livestock specialist said yesterday.

Some 34 individuals have bought a share or shares in Shergar at £250,000 each. The Aga Khan heads the syndicate, with six shares, with the five remaining on four more shares for allowing the horse to stand at his stud farm.

The syndicate of investors is a gazette of the rich and famous. It includes Stavros Niarchos, Baron Guy de Rothschild, Robert Sangster and Lord Derby.

It is the individual investors who take out insurance on their share of Shergar, so underwriters could be faced with, at worst, 34 individual claims.

Even if those investors who are insured do claim, the odds are evened to disprove. There is no specific insurance cover for kidnapping and ransom of horses, although horses can be covered for "proven" theft.

An underwriter explained: "Theft needs to be established. You just can't rely on the evidence of a swinging stable door and an empty stable. But kidnapping is a very grey area, and this is likely to be the subject of much discussion over the Shergar case."

Other exclusions under a typical Lloyd's livestock insurance policy are "malicious or wilful injury whether or not caused by any assured," the effects of radiation, intentional slaughter, death caused by war, confiscation by any government and revolution.

In Lloyd's there are five specialist livestock insurance syndicates comprised of members of Lloyd's. Other Lloyd's syndicates engaged in other insurance business also participate in the insurance of livestock. Specialists said yesterday that premium rates could be around 3 per cent of the insured value for horses.

Underwriters, in certain circumstances, may insist that the assured must bear some part of the loss himself before he can collect on his policy for claims. In insurance terms, this is known as a deductible.

Talks on strike at Ford

Financial Times Reporter

JOINT TALKS will be held at national level in London today in an attempt to find a peace formula to end an unofficial strike by 550 foremen and supervisors which has halted car production for three days at the Ford car plant at Halewood, Merseyside.

A management spokesman at Halewood said yesterday that, by the end of last night's shift, Ford would have lost production of 2,800 Escort cars, Britain's top-selling model. They were worth £14m at showroom prices.

The strike has caused 7,000 hourly-paid workers to be laid off from the body and assembly plants. Only limited production is continuing in other parts of the factory.

Senior Ford executives will meet national leaders of the white-collar union ASTMS today and management representatives from Halewood will also attend.

The 550 men involved, all members of ASTMS, have voted to stay on indefinite strike in a dispute over training procedures.

Management says that the supervisor should be responsible for training operators for the production lines but the foremen claim it is the responsibility of the senior operators on the lines.

Barclays' planned withdrawal

ALTHOUGH NOT entirely unexpected, the decision by Barclays Bank to pull out of its factoring business in Britain is a blow to others in what is still a relatively young industry in the UK.

The bank's apparent lack of confidence in the market comes at a time when its competitors in this sector are under pressure from the recession and have been trying to promote more aggressively the advantages of their services.

Barclays has announced that discussions are taking place for the transfer of the business of Barclays Factoring to Anglo Factoring Services, a subsidiary of J. Rothschild and Co and a member of the RIT and Northern Group.

Anglo Factoring - headed by Mr Ben Host and set up at the beginning of 1981 - is at present the smallest of the nine members of the Association of British Factors (ABF). But the deal with Barclays will create a sizeable new independent force in factoring.

Factoring arrived in Britain from the U.S. in the early 1960s and has been dominated by the major banks. Factors offer three distinct services: they run a client company's sales ledger, send off statements and collect money owed; they advance cash against the security of invoices and they provide bad debt protection, often known as "non-recourse" factoring.

Although factoring is viewed with suspicion in some quarters - the service is sometimes perceived to be expensive and bad for customer

relations - factored turnover from an admittedly low base has grown by leaps and bounds in Britain over the last decade.

The volume of business of the nine members of ABF, for example, has increased from just over £700m in 1976 to £2,380m at the end of 1982 including a 17 per cent jump last year.

Factors have worked hard to improve their image and gain wider acceptability as a legitimate financial service. In recent months the

staff of Barclays Factoring strongly dispute the decision to withdraw and competitors take a much more optimistic view.

Other factoring groups point out that Barclays was the last of the large banks to enter the UK market in 1972 and failed to make the impression which might have been expected as a result of its size and reputation for other sectors.

With £14m of factored turnover last year (8 per cent of the UK total), it lagged well behind Credit Factoring International (National Westminster bank) and Griffin Factors (Midland bank).

Mr Roger Pilcher, chairman of the ABF, said yesterday that he was surprised Barclays was pulling out at a time when other factoring companies were seeing a good future. "Obviously they have made the decision for company rather than market reasons," he said.

Commenting on the doubling of bad debts which members of the ABF had to absorb on behalf of clients last year, from £22m to £45m, Mr Pilcher said: "These are obviously taken into account during these sort of losses on a four or five year view so we are not suffering."

He added that his own company, Credit Factoring International, had increased profits from £511,000 in the year to September 1981 to £930,000 in the 12 months to last September while International Factors recently announced that pre-tax profits had gone up nearly three fold.

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British Airways is now flying the Boeing 757. In passenger comfort, this new jetliner feels like a wide-body. In performance, it is the most



fuel-efficient aircraft in the sky. This means British Airways can continue to offer air travel as one of the world's best travel values. **BOEING**

Getting people together.

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THE ARTS

Opera and Ballet

PARIS

Maurice Bejart and his XXth century ballet at the Palais des Sports. (828 4030)

Rudolf Nureyev, Eva Evdokimova with the Nureyev Ballet Theatre Français in choreography by Bejart, Van Hagen, Cullberg, Kylan to Mendelssohn, Mahler, Rostropovich and Haydn. Theatre des Champs Elysees (723 4777)

Love of Three Oranges conducted by Lawrence Foster - Opera Comique (298 1220)

Johann Strauss' Die Fledermaus conducted by Rolf Weikert, choreography by Rosella Hightower with Gino Gullino, Ilsema Corvino, Janet Persky and Siegfried Jerusalem. Paris Opera (743 5750)

HOLLAND

Amsterdam Stadschouwburg: Netherlands Opera is joined by members of the National Ballet for performances of Richard Strauss's Arabella. (248 1220)

BRUSSELS

Theatre Royal de la Monnaie: Zimmermann's Die Soldaten with the Frankfurt am Main Orchestra conducted by Michael Giese. (237 7800)

ITALY

Rome, Opera House: Sleeping Beauty with Elisabetta Bortoluzzi and Peter Schaufuss. (540 4000)

Milan, La Scala: Puccini's Turandot with Cecilia Gasdia conducted by Gianandrea Gavazzeni. (237 7800)

Milan, Teatro Nuovo: Lindisay Kemp company in Nijinsky to music by Carlos Miranda and Facade. (237 7800)

Arts Week

F S Su M Tu W Th
11 12 13 14 15 16 17

Florence, Teatro Comunale: The Nutcracker and Lucia di Lammermoor. Venice, La Fenice: Parsifal.

WEST GERMANY

Berlin, Deutsche Opera: A new Götze production of Die Tote Stadt by Wolfgang Korschgen featuring Karin Armstrong and James King in the main parts. Aida is perfectly cast with Julia Varady and Giorgio Lamberti. Parsifal and Lohengrin are presented with Pilar Lorengar, Janis Martin and Martti Talvela. Der Barbier von Sevilla completes the programme. (34381)

Hamburg Staatsoper: Der Fliegende Holländer with Franz Ferdinand Nentwig and Parsifal with Wagner tenor Peter Hoffmann in the title role. Johann Christian Bach's Anna produced by Marco Arturo Marelli, conducted by Helmut Rilling and featuring Helen Donath, Doris Soffel and Eberhard Büchner. Lucia Popp triumphs in the part of Susanna in Die Hochzeit des Figaro. Der Liebestrank, produced by Jean Pierre Ponnelle is finely interpreted by Giuseppe Taddei and Sona Sizemore. (351151)

Frankfurt Opera: Brussels National Opera Ensemble offers Haydn's oratorio Die Schöpfung. Soloists are Brit-Marie Aruhn, Rüdiger Wolters and Peter Meven. Gustav Charpen-

tier's rarely-played Louise has Felicity Lott in the title role. Celestina Casapieri appears in Tosca. My Fair Lady is a fresh and delightful revival. Die Entführung aus dem Serail rounds off the programme. (25851)

Stuttgart Württembergisches Staatstheater: Jean Pierre Ponnelle's Wagner Cycle continues with Siegfried with Katarina Ligendza and Peter Hoffmann. Also in performance this week is Der Troubadour with an all-Italian cast. (29221)

Münchener Bayerische Staatsoper: Wagner's rarely-played Das Liebesverbot featuring Hermann Frey and Sabine Hoss has its long-awaited premiere this week. Die Fledermaus, an Otto Schenk production starring Lucia Popp and Eberhard Büchner, is presented with Giorgio Lamberti and Raina Kabakian. Aida is of respectable standard. (21851)

LONDON

Royal Opera, Covent Garden: Tosca, a famous Franco Zeffirelli production now beginning to show its age badly, returns with a heavy-weight cast. Gwyneth Jones in the title role. (240 1066)

English National Opera, Coliseum: Rita Hunter, a Coliseum favourite not seen and heard there for some while, returns at the head of the Trovatore revival. The rest of the week is given over to Russian opera - Boris Godunov in original Musorgsky guise, with Age Handland in the title role, and Queen of Spades, in David Pountney's grotesque travesty of a new production. (836 3101)

New Sadler's Wells Opera, Rosebery Avenue: all three operas of the first season of this new opera company are on show this week - the radio- and television-award-winning Count of Luxembourg, the fresh and very pretty Mikado (with Nicholas Grace

a first-rate Ko-Ko), and the opening of Kálmán's Countess Mariza. (278 8815)

Royal Opera House, Covent Garden: Royal Ballet offers its Ashton triple bill. Also Mayerling and The Sleeping Beauty. (240 1066)

VIENNA

Bismarcktheater (578225): Die Graefin Mariza (Daily except Mon). Staatsoper (532/2465): Falstaff, Le Nozze di Figaro, Madame Butterfly. Volksoper (532/2465): Kiss Me Kate. Die Lustige Witwe, Der Vogelhändler, Die Lustigen Weiber von Windsor, Die Fledermaus.

NEW YORK

Metropolitan Opera (Opera House, Lincoln Center): The week's performance includes the first seasonal appearance of Stravinsky's Rite of Spring, directed by Erich Leinsdorf, directed by Otto Schenk with Kiri Te Kanawa, Kathleen Battle and David Renda as well as Les Contes d'Hoffmann. La Bohème and Un Ballo in Maschera. (830 9830)

Chamber Opera Theatre of New York (Marymount Manhattan, 221 E 71st): Bottom: The Turn of the Screw, honouring the composer's 80th birthday. Staged by Theodorus Meyers. New York City Ballet (New York State Theatre, Lincoln Center): The season continues with the mixed repertory including works by Jerome Robbins, Peter Martins and company head George Balanchine. (870 5570)

CHICAGO

American Ballet Theatre (Auditorium Theatre, 70 E. Congress Parkway): This stop in the national tour of Nikolai Baryshnikov's company includes most of their repertory, among the works the full-length La Sylphide, Push comes to Shove, Clair de Lune and Prodigal Son. (822 2110)

Exhibitions

WEST GERMANY

Stuttgart, Staatsgalerie, Konrad Adenauer Strasse: Late 16th and early 17th century Italian masterpieces reflect the beginnings of Baroque. Ends spring 1983.

Frankfurt, Kunstverein, 44 Markt: Drawings and paintings depicting human figures from 1880 and 1890 by Pier Paolo Pasolini, the Italian movie director. Ends Feb 27.

Düsseldorf, Kunsthalle: The show offers a comprehensive survey of Henri Matisse. The 80 paintings include works on loan from Paris, New York, London and Moscow. They are supplemented by a dozen sculptures. The focal point of the show is the gigantic La Danse. Ends April 4.

Tübingen, Kunsthalle: 157 drawings, gouaches, water colours and collages by Jean Dubuffet, the French Art Brut painter and sculptor. Ends March 8.

Cologne, Rautenstrauch-Jossé Museum: The only German venue of an exhibition, featuring 2,000 Mexican wooden dance and death masks. Also Pre-Columbian objects on loan from the Instituto Nacional de Antropología e Historia in Mexico City. Ends May 15.

Hannover, Kestner Gesellschaft, 18 Wurmühlstrasse: The complete graphic work of Oskar Kokoschka, an Austrian expressionist, carefully guarded against daylight so as not to damage the delicate water colour and drawings. Ends May 15.

Berlin, Braubach Archiv, Klopferstrasse: German paintings from the 16th and 17th centuries on loan from Harvard University's Busch-Reisinger Museum. Ends April 17.

Brussels, Société Générale de Banque: Piet Mondrian 1872-1968. The success of this exhibition has prompted a longer run. Ends Feb 18.

Moscow, Roysky Art et Histoire Collection of Delft porcelain. Ends Feb 21.

VIENNA

Kunsthistorisches Museum: Aspects of present day art in the Soviet Union from the Ludwig collection. Ends Feb 23.

HOLLAND

Bijlmermuseum van Onafhankelijkheid: Egyptian hieroglyphs on papyrus up to 4,000 years old. Ends April 4.

LONDON

Walker Art Gallery, Liverpool: John Moores 13 - Britain's first and most important Open Exhibition, which regularly attracts a strong entry from amongst our best contemporary painters. The prize is generous enough: £5,000, £3,000 and ten at £250, but the prestige lies in the selection itself. This year's exhibition is full of strong uncon-

than Kramer, Ramon Zupko, Christopher Rouse, Donald Marzano (Thur), (247 7458)

Chamber Music at the Y (Kaufmann Hall, 138 Lexington): Irene Laredo conducting. Schubert, Brahms, Schoenberg (Tue, Wed), (427 4410)

Benita Valente, soprano, Richard Goode piano (Alice Tully Hall): Haydn, Brahms and Wolf. (Thur) (674 6770)

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Concert Hall (Kennedy Center): National Symphony Orchestra, Yuri Temirkanov, Hugh Wolf conducting. All Stravinsky programme (Mon mat, Tue mat, Wed mat), (254 3778)

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CHICAGO

Chicago Symphony Orchestra Hall: Claudio Abbado conducting. Ivo Pogorelich piano. Chopin and Beethoven (Thur), (459 1220)

PARIS

Shirley Verret recital, Warren Wilson, piano: Handel, Schumann, Chau-

trousal painting, both figurative and abstract, with John Hoyland and Victor Lowmum. Ends Feb 20.

Whitechapel Gallery: Barry Flanagan enjoys perhaps the widest or at least the most rapidly expanding international reputation of the younger British sculptors. His work of the past ten years evinces a distinctive, intensely sensually appealing quality, whether it is a natural form of stone just barely marked or a leaping hare modelled in clay, cast in bronze and brightly gilded. Ends Feb 26.

The National Portrait Gallery: Van Dyck in England - if not unquestionably the greatest, pace Holbein, certainly the most prolific and lastingly influential of our Court Painters, establishing the image of romantic, doomed Cavalier grandeur in its final years. He could not have done this without an army of studio assistants and it is easy enough to recognise the traits of the production line, but he was a wonderful artist for all that. He is a painter's painter, steeped in the works of the earlier Italian masters, and the worthy successor to his own master, Rubens. Ends March 20.

NEW YORK

Metropolitan Museum of Art: Architectural drawings, furniture, photographs and even ceramic comprise the hundred objects of Frank Lloyd Wright's dusted off to accompany the permanent installation of the living room designed for the Francis Little House. Ends Feb 27. (537 7100)

WASHINGTON

National Gallery: On the centenary of Edouard Manet's death, a hundred paintings, pastels and photographs show the growing interest in Paris among artists of that time.

CHICAGO

Museum of Contemporary Art: 300 works from the superb modern Russian collection of George Costakis preserves the exuberant hopes of cubo-futurism, suprematism and constructivism through the paintings and designs of Klyun, Chasnik, Rodchenko, and Malevich before their extinction by Stalin. Ends March 13.

PARIS

From Carthage to Kairouan, 2,000 years of art and history in Tunisia. Magnificent mosaics and a vast model of the Kairouan Mosque retrace the succeeding Phoenician, Roman and Islamic influences on the fruits of the production line. Ends March 4.

ITALY

Florence, Palazzo Pitti: One hundred works from Dresden Picture Gallery. Ends March 4.

Rome, Galleria Nazionale d'Arte Moderna: Paintings inspired by Garibaldi from Fattori to Guttuso. Ends Feb 27.

Ensemble Orchestral de Paris conducted by Jean-François Paillard. André Bernard, trumpet, Pierre Rouille, Bernard Chapraz, Dutes, Daniel Arigony - oboe. (Tue) Salle Gaveau (963 2030)

Alfred Brendel, piano: Beethoven sonatas (Tue) Salle Pleyel (563 8873). Jon Vickers with Geoffrey Parsons, pianist Schubert's Winterreise (Wed) Theatre des Champs Elysees (724 4777)

Orchestre de Paris conducted by Krzysztof Penderecki with Mstislav Rostropovich, cello. Penderecki and Sibelius (Wed, Thur) Salle Pleyel. (563 8873)

Palais des Beaux Arts: London Philharmonic Orchestra conducted by Sir Georg Solti. (Thur).

VIENNA

Musikverein (65 8190) Küchel Quartet, Haydn (Mon): Vienna Symphony Orchestra. Conductor Eduard Maas. Beethoven, Wagner and Stravinsky (Wed and Thur).

Konzerthaus (72 1211): Haydn Trio Schubert and Brahms (Mon) ORF Symphony Orchestra. Conductor Erich Bergler. Bruckner. (Thur).

Luz Borgehl, baritone, Peter Schreier, Lieder recital, piano Eric Werba (Thur) Brahms and Schumann.

Cinema/Nigel Andrews

Abandon hope all ye who venture...

Tempest, directed by Paul Mazursky. Monsignor, directed by Frank Perry. Summer Lovers, directed by Randal Kleiser.

With Paul Mazursky's Tempest following Woody Allen's A Midsummer Night's Sex Comedy into the leafy lethal avenues of movie-update Shakespeare, it is time to erect a large no-entry sign for film-makers. Abandon audiences all ye who enter here. Translating Shakespeare's last play into a Greek island and Prospero into a wife-and-job-quitting Manhattan architect (John Cassavetes), Mazursky has fallen even further of the elves of whimsicality than Allen did by plugging The Dream in update New York City. Coy pieties and arch goblins fall upon him in a nasty flurry, as the bright promise of the film's early Manhattan (=Milan) scenes is untimely ripped away, leaving a bare torso of windy whimsy under an endless Greek sun.

And what same man, one frivolously asks, would leave the splendid Gena Rowlands anyway? Mr. Cassavetes's real life and (there) fictional wife? Impersonation. Broadway actress, she rules home, hubby and New York hant monde with storm-blond hair. Panavision-wide eyes and imperious mouth - that snarl of warm command that gave under-daw heating to Gloria and A Woman Under The Influence.

Tempest splashes so happily early on in Mazursky-ville U.S.A. - as identifiable a country as Greenland or Tropic of Cancer - that one wishes the flying whimsies, the funny named characters (Vittorio Gassman as Cassavetes's Mafia boss paymaster, Allen Goorwitz as Miss Rowland's stage-producer ditto) and the chest-note showbiz vernacular ("Don't showboat me," storms Cassavetes) would last forever.

They don't. Pursued by mid-life crisis, Mr. C whisks himself off to Greece with his daughter (named, to assist backward, Miranda), pauses only to pick up his Ariel in Athens (Susan Sarandon as a footloose sylph in soris, Artha) and finally comes to rest on a paradisaic, arched island, where every prospect pleases and only "Kalibano" is vile. He's the local goatherd, played by Raul Julia with much face-fungus and flute. And he provides the film's second half with its only and splendid "high" - a flute rendition of New York New York, complete with dancing, leaping goats.

Meanwhile - and a blizzard of meanwhiles assail this film - the spouse-seeking Gena Rowlands and Mr. Gassman, her interim lover, bob and bounce across the cobalt briny towards a

reunion (like Shakespeare's storm-tossed Menesties) with the fugitive image.

Once Greece-ensconced, this travel-brochure allegory plays blind man's bluff in a comic and dramatic void whose only solid object where against to bump is Shakespeare's play. The film's outstretched hands keep hitting something large, at which the audience's head is supposed to go "Ping! Gollu! Ah! Gassman's stand-up comic sidekick equals Trinulo. Ah! Cassavetes's self-enforced celiac (sic) with Artha invokes Ariet's bodiless spirituality. But the correspondences with Shake-

trally uninflected for 140 minutes as here they wear heavy on the viewer.

Now that Mazursky has got the Bard out of his system, perhaps he will go back to being the Mazursky we know and love from films like Bob & Carol & Ted & Alice and Next Stop Greenwich Village: born and bred in modern American Bohemia and inspired by its slant, its shrugs, its chaos and come passions, its very post-Shakespearean magic.

"It took a lot of work to get an American into this Italian monopoly," burrs Robert Prosky's plump and worldly Bishop Walkman to Christopher Reeve's priest-in-shining-surplus Father Flaherty in Monsignor. Yes, we are in the Vatican, and no, you won't believe it until, or possibly even when, you see it. Based on a novel by Jack Alan Leger, who must have grown up on an exclusive reading diet of Morris West, this astonishing pope-pourri demands to be seriously tipped as the silliest film of 1983.

Emerging in the full flush of real-life ecumenical scandal, the plot about an initially idealistic but soon wheeler-dealing son of the Church (Reeve), who ferries the Vatican through WW2 black-market dealings, Swiss bank imbricagos and finally worldwide financial scandals, has a blessing of coincidence or prophecy. But the movie itself has no benediction of style, no grace of wit or galler.

Director Frank Perry, who but lately barnstormed through Joan Crawford ex erise in How to Succeed in Business Without Really Trying, has adjusted his allures for a change of course. At once overblown and under-powered, the film beguiles us one moment with colliding accents in the corridors of papal power (American ties are satyr demonism and skulkeyed scowling, and vir-

Christopher Reeve as "Monsignor"

spear seem in aid of absolutely nothing except - to make correspondences with Shakespeare.

Molly Ringwald as Miranda and Susan Sarandon as the unbedded sprite pour forth charm from inexhaustible laps. (Watch them splash in the surf singing "Why do fools fall in love.") But Cassavetes's chief specialities are satyr demonism and skulkeyed scowling, and vir-

Meanwhile - and a blizzard of meanwhiles assail this film - the spouse-seeking Gena Rowlands and Mr. Gassman, her interim lover, bob and bounce across the cobalt briny towards a



Valerie Quennessen in "Summer Lovers"

Israel Piano Trio/Wigmore Hall

David Murray

More often than not, these days, piano trios seem to be mixed-sex teams. The Beaux Arts Trio is an obvious exception, and the Israel Trio is another, but the bright delicacy that marks the playing of the Beaux Arts men seems a world away from the husky strength of the Israeli trio, who return to the Wigmore on Wednesday.

Their pianist Alexander Volkov, Ukrainian-born and Russian-trained, has the dramatic authority and muscle one ex-

pects from his school; but the dense, dark-hued tone of the trio owes no less to the violinist and cellist, Menahem Breuer and Zvi Harrell. Their thrifty, almost vocal timbres are well balanced but pungently individual, too. The ensemble sound is fairly saturated with character.

No doubt it would not suit every kind of music, though it may be more adaptable than one supposes. There were technical rough edges this

time - many finger-slips at the keyboard, fallible cello harmonics at the daunting start of Shostakovich's Trio in E minor - which seemed just part of the impassioned address. In fact the whole Shostakovich work, carried solid, black conviction, with its overtones of anger and desperation struck hard; even the blunt gear-changes contributed to the effect of gritty honesty.

Beethoven's E-flat Trio, Op. 70 No. 2, were a more cultivated

purpose, and yet benefited from the same earthy power. Again this was a big-bodied performance, with uninhibited personal tones in all the parts. To my ear, their treatment of the Op. 87 Trio of Brahms - expressive at all costs - did too little justice to its careful architecture: it really deserves a cooler, steadier line, though the Israeli account was continuously interesting. In any case, these are musicians with robust ideas, a rich sound and great flair.

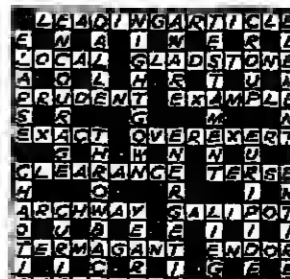
F.T. CROSSWORD PUZZLE No. 5,095

- ACROSS
- Bay with Hardy associations (6)
 - In moonhood, it is said, Gurnessey snowed the wav (6)
 - Indian Watch Co. in ruins (7)
 - Set of dishes - open set with this (7)
 - Initial training for burglary? (8, 2)
 - Retrograde border instrument (4)
 - Secret language of North India (5)
 - A universal strain arranged. Mahler, for example? (8)
 - Honestly settled (8)
 - Nymph producing mineral aggregate these days (5)
 - Its great bed makes English unrefined in retirement (4)
 - Common prison decline, slowing white-hot (10)
 - Weapon to extend the arms? (7)
 - Nobody like Peppy? (7)
 - Number in forest, say, one by one (6)
 - Guard despatched by rail (6)

- DOWN
- Composer found in Harlequin's first-half scrum (5)
 - Take a bit of lunch Antree-fashion. Free? (7)
 - Formerly a gold-digging organisation - testing certain levels? (9)
 - "The Ring" does badly in this concert-hall (5)
 - Lift does not start - muscle needed (7)
 - Put one across Marsh - does it register no score? (4-5)
 - Inlegant variety of sweet-brier (8)
 - Successful numbers of which pirate had control (3-6)
 - Sea-board to prop up regular army (8)
 - Wrongly name one example of windflower (7)
 - Passage from King Lear perhaps - leaving out king taken in (7)
 - Rail-junction in which many were changing (5)
 - It is unpleasant treating eye-

sore with sodium (5)

Solution to Puzzle No. 5,094



Music

ZURICH

Tonhalle Zurich Chamber Orchestra conducted by Edmond de Stoutz with Maurice Andre, trumpet, Handel, Vivaldi, Telemann, Purcell and Bellini (Mon); Oleg Malenberger piano recital, Chopin (Tue); Stefan Askenase, piano, Mozart and Chopin (Wed); Trio of Cordes Francaise, Beethoven, Schumann and Beethoven (Thur).

LONDON

English Chamber Orchestra and Pro Musica Chorus of London, conducted by Charles Mackerras with soloists Margaret Marshall, Felicity Palmer, Keith Lewis and Harold Stannard. Mozart. Royal Festival Hall (Mon), (528 3191)

Albion Berg Quartet: Beethoven, Queen Elizabeth Hall (Mon), (528 3191)

London Brass Virtuosi conducted by David Honeywell with Ior James, horn, Vaughan Williams, Britten, Holst. Barbican Hall (Mon), (538 8881)

London Symphony Orchestra conducted by Yut Simoonov with Victor Tretyakov, violin, Rimsky-Korsakov and Tchaikovsky. Royal Festival Hall (Tue).

Monteverdi Choir and Orchestra conducted by John Eliot Gardiner with Nina Milikina, piano, Mozart and Haydn. Queen Elizabeth Hall (Tue), (538 8881)

London Philharmonic Orchestra conducted by Karl Anton Rickenbecker with Alberto Remedios, leior.

Wagner Centenary concert. Barbican Hall (Tue).

Peter Dinklage, cello and Ingrid Altmann, piano. Beethoven. Wigmore Hall (Tue), (930 9232).

BBC Symphony Orchestra conducted by Mark Elder with Piotr Paleczny, piano. Stravinsky, Szymanowski and Strauss. Royal Festival Hall (Wed).

Eldwell Henry, soprano, with Ior James, horn and Clara Taylor, piano. Barber, Howells, McCabe and others. Purcell Room (Wed), (928 3191).

Philharmonia Orchestra conducted by Kurt Sanderling with Mayumi Fujiwara, violin. Haydn, Mozart and Beethoven. Royal Festival Hall (Thur).

The English Concert with Simon Standage, violin, Elizabeth Witcock, violin, Anthony Pleeth, cello and Trevor Pinnock, harpsichord. Wigmore Hall (Thur).

Roanoke Scott's Fifth Street George Adams. Don Pullen quartet. Uoist Feb 28. (439 0747).

NEW YORK

New York Philharmonic: (Avery Fisher Hall, Lincoln Center): Zubin Mehta conducting. Ju Hee Suh piano. Wagner. Mendelssohn, Brahms. (Tue): Zubin Mehta conducting. Schubert. Beethoven soprano, Schubert. Schoenberg (Thur), (674 4244)

Carnegie Recital Hall (57th & 79th Ave): New York New Music Ensemble (Tue); Yehudi Menuhin Quartet. Bernard Ysaïa clarinet, Quincy Porter, Gaermann, Bartok, Brahms, League-ISM. Shella Silver Jona-

than Kramer, Ramon Zupko, Christopher Rouse, Donald Marzano (Thur), (247 7458)

Chamber Music at the Y (Kaufmann Hall, 138 Lexington): Irene Laredo conducting. Schubert, Brahms, Schoenberg (Tue, Wed), (427 4410)

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Shirley Verret recital, Warren Wilson, piano: Handel, Schumann, Chau-

FINANCIAL TIMES

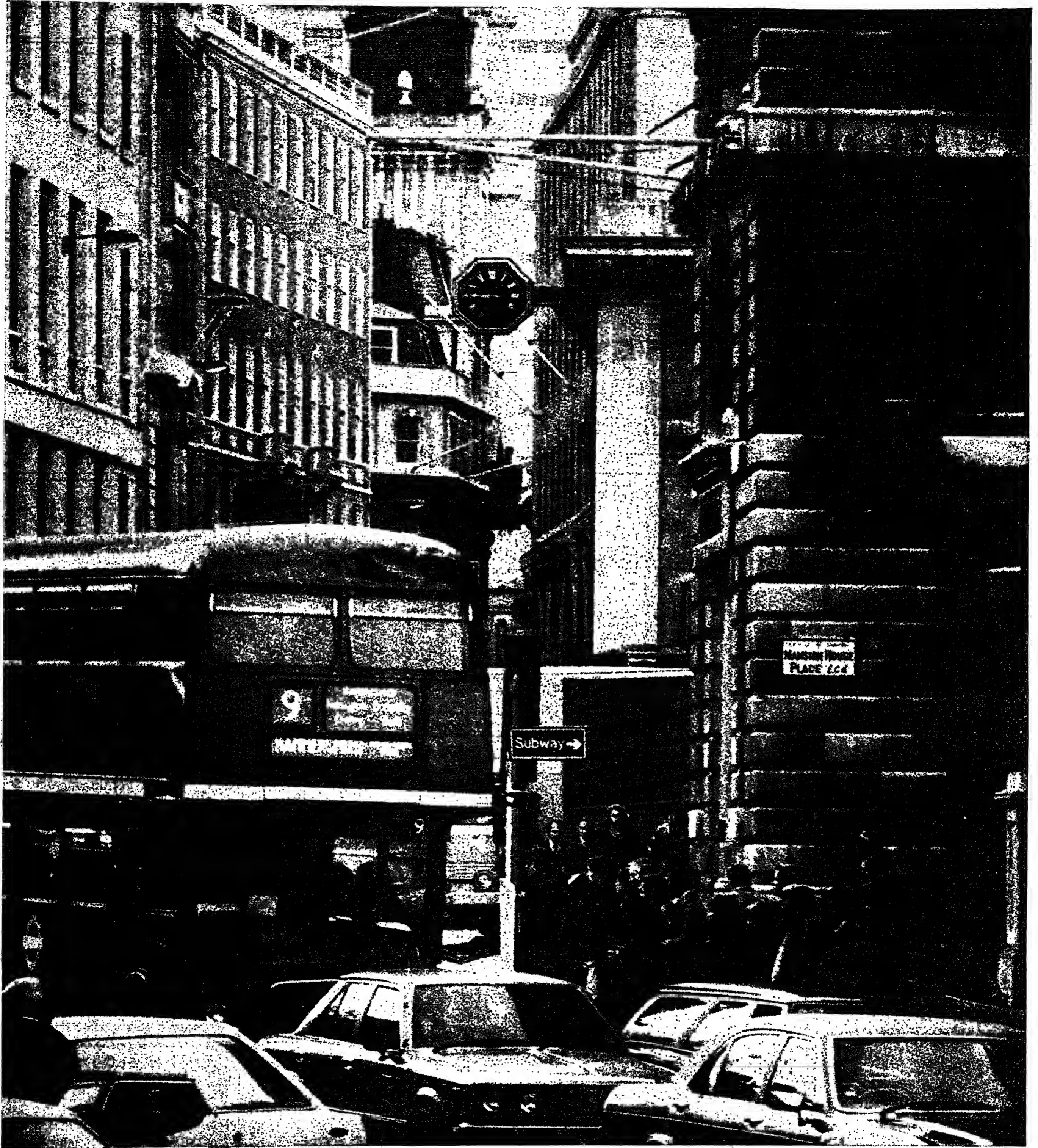
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It's also this service which now provides the cheapest form of ship-to-shore voice communication to Europe and North America via the Atlantic satellite, following the recent opening of the new dish aerial at Goonhilly Earth Station. (This region actually

stretches from Madagascar to Greenland and covers 80% of the world's shipping traffic.)

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THE PROPERTY MARKET

BY MICHAEL CASSELL

Record Dutch sale

IN WHAT is thought to be the largest sale of its type agreed in Holland, ABP—the civil service pension fund—has paid about £170m (£180m) for a mixed portfolio of commercial property.

The low-key deal involves the acquisition by ABP of properties owned or partly owned by subsidiaries of the Friesche Groningsche Hypotheekbank, the third largest mortgage bank in Holland. Interests in individual properties range upwards from 50 per cent.

The bank, like most of the Dutch mortgage banks, has been experiencing lean times in the wake of the recession and the disposals will provide some welcome cash. The availability of the properties as a package was not widely known and only one or two Dutch organisations would have the resources to consider a purchase on this scale.

The bank's portfolio is a legacy of its involvement in the commercial property market during the 1970s, which included direct development. All the properties being sold were built in the last ten years or so.

The most important single property involved in the sale, which comes at a time when investment interest in the badly battered Dutch property market shows signs of reviving, is the Hoog Catharijne in Utrecht, widely regarded as the most successful shopping centre in Holland.

The complex was developed jointly by the bank and the

Broeders group and comprises 170 shops, various office blocks, a hotel and restaurant, luxury flats and 4,000 car parking spaces. There is over 130,000 sq metres of commercial space in all. Excluded from the sale is the 30,000 sq metres Vroom and Dreesmann store.

The transaction, which was arranged by Zadelhoff, the Amsterdam-based real estate consultants, also includes an office and warehouse complex in Utrecht, shopping centres in

Arnhem, Heerlen and Dordrecht and a prime office investment in The Hague, let to Price Waterhouse, the international accountants. All the properties are believed to be fully let.

Individual purchase prices are not being disclosed but the total cost represents a gross yield of about 7.7 per cent. The acquisition increases the value of the ABP property investment portfolio to about £1.5bn. The Fund has total assets of about £1.9bn.

Facelift for Fenchurch St.

NORWICH UNION is to proceed with the rebuilding of Fenchurch St Station in the City of London. The £28m scheme will provide a new railway station and 94,000 sq ft of offices. Completion is envisaged by mid-1987 and Jones Lang Wootton are letting agents. The redevelopment involves the retention of the familiar facade to Railway place which is listed. Norwich Union is taking a lease from British Rail in order to develop the site.

● The first CLOR (Central London Offices Research) report from Jones Lang Wootton says that the 10m sq ft plus of gross office space to be completed during 1982 and 1983 will provide a severe test of strength. The key issue is whether demand will once again catch up with supply

when the current high level of completions falls off.

● Work has now started on Prudential Pension's £9m shopping complex in Canterbury. Under a development agreement Canterbury City Council retains the freehold of the Rose Lane/St Margaret's Street site. Prudential which is financing the scheme will take a 125 year lease on the development which will provide more than 110,000 sq ft of shopping space.

● Crouch Group, following the recent acrimonious departure of the company's former chairman Mr Ronald Clempson, has announced the sale for £2.5m of its South Audley Street office development in London's Mayfair. The premises were acquired almost three years ago for 400,000 and have been refurbished to provide 7,400 sq ft of office space on six floors.

Funds avoid the industrial surplus

THERE may be the odd 100m sq ft of industrial floorspace sitting empty and unloved around the UK but little of it lies in the hands of leading institutions and pension funds.

Observers could be forgiven for imagining that the industrial property sector is swamped in unrelieved gloom and populated with developers more intent upon removing roofs (to save payment of empty rates) than in fixing them on.

But this week's little cost-saving/public relations exercise in Wolverhampton, where London Life and Hill Samuel highlighted the problem of void rates by lifting the roof off part of their Planetary estate, is not the whole story.

An interesting piece of research work carried out by Hillier Parker, the London agents and surveyors, shows that most institutional investors in industrial space have escaped the ravages of recession.

According to Hillier Parker, which questioned 24 funds with combined industrial property holdings of over £1bn, non income-producing voids accounted for an average 2 per cent of capital values. No square footage analysis was made, though the agents accept it would have resulted in a higher percentage total.

The void figure would seem to represent nothing more than the vacancy rate normally con-

sidered necessary for occupancy turnover.

The survey, which included an element of non-prime and reversionary property, has produced an average yield of 8 per cent and, in so doing, throws new light on the question of the yield gap between industrial and office property.

The results have not surprised Hillier Parker, who point that the overall glut of industrial space masks widely differing performances. While funds have gone for more resilient warehousing and service industry space, manufacturing industry has been left with acres of inefficient, outdated accommodation which has little or no future.

Even so, the survey shows that fund managers are becoming increasingly pessimistic about the time it takes to let space, while voids in new schemes are running higher, at around 10 per cent.

Ian Flanagan, head of Hillier Parker's industrial department, hopes the findings might give heart to those potential investors who tend to roll their eyes and clutch their throats when industrial property is proffered.

"The results represent a tremendous feather in the cap for investing institutions but some investors tend to be frightened off by the sector's poor overall image. The record on voids and returns shows this type of reaction is generally unjustified."

Cambridge Circus let

ANOTHER shot to the arm for a property market on the lookout for good news comes in the shape of a major letting for Town and City at its Cambridge Circus office scheme in central London.

Last week, MEPC announced that it had signed up tenants for 75 per cent of the floorspace at its 190,000 sq ft Long Acre development and now Town and City has found a customer for the scheme which it has developed nearby in partnership with National Freehold and Leasehold Properties (otherwise the adjoining Phoenix Theatre) and freeholders Norwich Union.

The Cambridge Circus offices

offer about 145,000 sq ft of floorspace and 42,000 sq ft has already been let to Foster Wheeler, the oil services group, at a rent believed to be in the region of £15 a sq ft.

Town and City is saying nothing yet about the new letting but it is expected to account for most, if not all, the entire balance of the remaining available space. The tenant is in the public sector and details of the rent have not so far emerged.

The deal successfully concludes a saga which stretches back over 20 years, when conditional planning consent for 320,000 sq ft of offices was first granted. Camden Council, how-

ever, attempted to stop the scheme via court action and it was not until 1977 that a go-ahead was given. Work began in 1979.

The letting is, of course, not only good news for the market but will be very welcome over at Town and City, which now looks in better financial shape than it has done for many years.

The acquisition of Berkeley Hambro has given the group a new lease of life and a few recent deals indicate that the portfolio continues to be cleaned up. There are great expectations and Jeffrey Sterling and Co will not wish to disappoint.

Valuation victory for Navy

THE Merchant Navy Officers Pension Fund has won its fight to get a rates reduction on part of Lincoln House, its office building in High Holborn, London.

The Fund had asked for the rates cut because it said it could not let a floor in the property as British Telecom had failed to supply adequate telephone and telex services. It suggested that the sixth floor should be classed as storage accommodation, which would allow a lower rates charge.

The Inland Revenue valuation office has now agreed that rates on the floor in question should have been reduced by approximately two-thirds while

the Fund had been unable to complete a letting of the space. St Quintin, which successfully represented the Fund's appeal against an earlier decision by the local valuation court, said that the floor had been subject to a 100 per cent rates charge by the London borough of Camden, even though it had been empty.

The floor has now been let to a Canadian insurance company following the installation of telephone services. The Inland Revenue decision means that rate charges on the floor, while it was empty, will have been reduced from around £20,000 to about £7,000.

The agreement will be of

interest to large numbers of landlords who in the past have reported difficulties in letting space because of the absence of proper communications services. But it has less relevance in the current market, in which the problem of absent telephones has been replaced by one of absent tenants.

● United Real Property Trust, together with the Crown Estate Commissioners, has submitted a new planning application for a comprehensive development of 195,000 sq ft of office, banking, retail and residential space at 31-59 Victoria Street, London SW1. A previous planning application was rejected.

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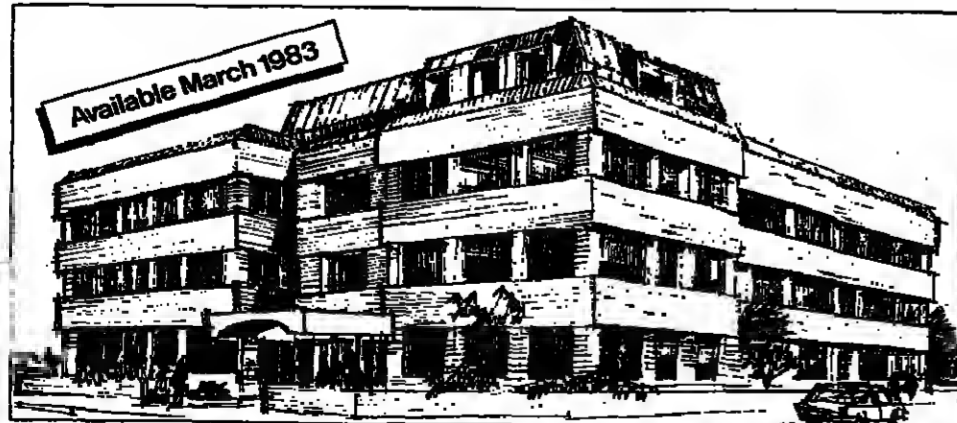
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IN BRIEF

Los Angeles deal
for Lehndorff

LEHNDORFF, the international property fund management group whose European clients have over \$2.5bn in North American real estate, has bought the 43 storey, 900,000 sq ft Wells Fargo office building in downtown Los Angeles from Rockefeller Center Inc for a reported \$175m.

The purchaser is an investment group led by Lehndorff Management (U.S.A.) and Grosvenor International, an offshoot of the UK Grosvenor family interests which associates with several major UK pension funds to invest in prime commercial properties in the Western U.S. TAYLOR WOODROW of San Francisco in conjunction with Lincoln Property Company has announced plans for the \$45m residential and retail development of Taylor Woodrow's Third Street and Folsom Street site in the Yerba Buena area of San Francisco. Completion is due in early 1985.

Sum Alliance Insurance has let, prior to completion, its 25,000 sq ft Pemberton Gate office scheme in Romford, Essex. The tenant is Commercial Union Assurance and the rent is \$7.50 a sq ft. Richard Ellis were letting agents.

Trust Securities has sold its 74,000 sq ft office development in Great Peter Street, Victoria, London, to Trafalgar House. Development fee \$8.25m. Work started at the

end of last year and the scheme should be completed in about 18 months.

John I. Jacobs, shipowners and brokers, are to sell their freehold office building at 19, Great Winchester Street, City. The firm is to take space at Cutlers Gardens and Farbrother has been asked to find a purchaser for the 8,500 sq ft building and offers are sought in the order of \$4.5m.

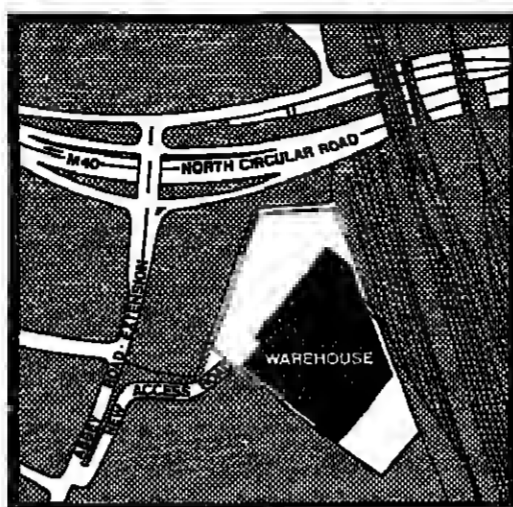
Land Securities has embarked on the refurbishment and modernisation of Export House on the north side of Ladgate Hill, London, EC4. The scheme when completed will provide approximately 119,000 sq ft of net office space on the first to seventh floors with some 13,000 sq ft of basement storage. Completion is scheduled for July 1984.

Linford Holdings (parent company of the Carrefour hypermarket chain) and Midland Bank are the latest tenants to take space in the recently completed 95,000 sq ft Silbury Court office development, Milton Keynes. Linford has taken the third floor (11,500 sq ft) of the Second London Wall/Sun Alliance development at a rent of \$7.25 a sq ft. Midland Bank is taking 3,200 sq ft on the ground floor at \$8 a sq ft. So far a total of 53,500 sq ft has been let in the building. Joint letting agents are Jones Lang Wootton and Connells Commercial.

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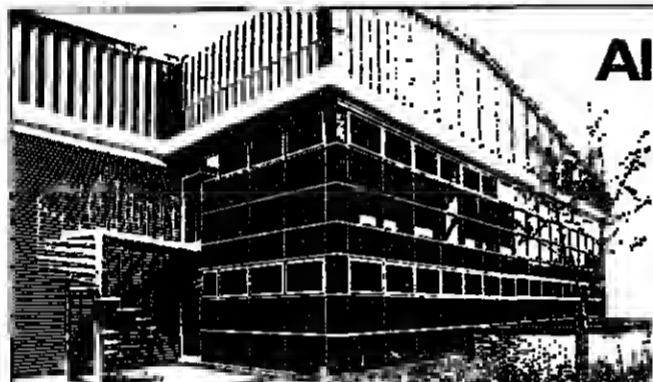
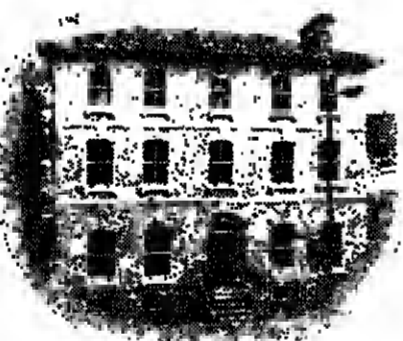
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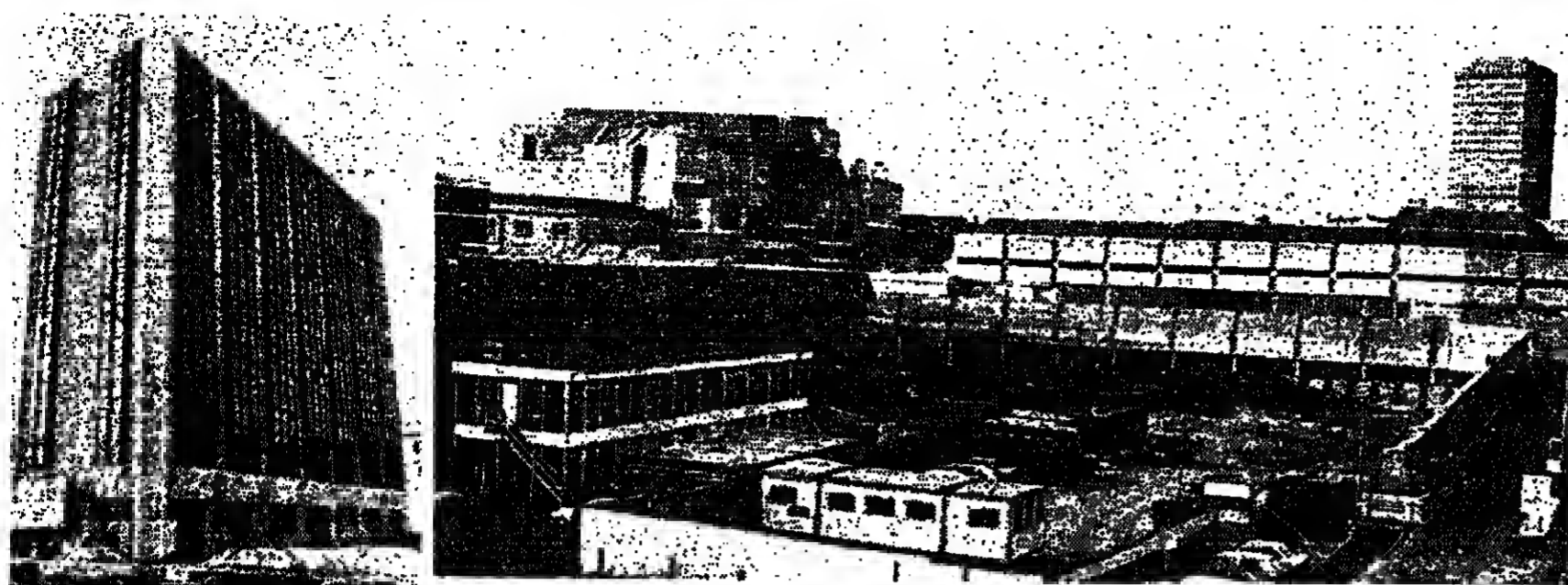
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PROPERTY IN WALES I

FINANCIAL TIMES REPORT



Left: South Gate House, opposite the main Cardiff railway station, is in process of being let. Above: St David's Shopping Centre in Cardiff is seen in the background, with the work yard of contractors Laing in the foreground, where further construction is going ahead

Promise of boost from sailing centres

LAST SEPTEMBER the Wales Tourist Board unveiled plans to promote the development of a chain of 12 major sailing centres around the Welsh coast, with first-class marina facilities. Although less than six months old, the concept has already stimulated a great deal of discussion and activity among local authorities which promises to have significant implications for the Welsh property market.

The strategy envisages creating accommodation for some 6,000 boats at convenient intervals to enable Wales to benefit from the growth in sea sailing as a leisure activity. It also foresees the marinas acting as a catalyst for the development of shops, hotels, restaurants and other amenities.

The Welsh Development Agency and other official bodies in Wales are backing the strategy and as a result considerable financial aid is likely to be available for the right kind of investment.

An indication of the strategy's implications from the property industry's point of view is being provided by Swansea City Council, which is in the process of transforming its derelict South Dock and foreshore immediately adjacent to the city centre into a yachting marina and "Maritime Quarter."

Infrastructure

The scheme is already well underway. Some £600,000 has just been spent on a new high speed lock and associated infrastructure work and the dock's 17 acres of water have been leased to Swansea Yacht Haven, a subsidiary of Hampshire-based Lymington Yacht Haven, to develop marina facilities.

Such has been the demand for space that the company is already pressing ahead with the second phase of the development, which will increase the number of yachting berths to 300. In three years' time Swansea Yacht Haven expects to have invested a total of £1m in the venture, including the provision of a repair yard.

Swansea Council, meanwhile, has been inviting tenders for the development of sites right around the marina. Despite—or perhaps because of—its insistence on tight design briefs covering the whole redevelopment on the northern edge of interest from the private sector which adds up to a potential capital outlay of £50m.

The key project among the proposed private sector schemes is a £10m 120-bedroom hotel and commercial and residential development by the Miami-based hotel group Ocean Properties. A final decision still depends on the scheme receiving aid in the form of an urban development grant. But given the go-ahead this scheme seems certain to trigger many of the other proposed developments.

Detailed planning permission has already been granted to Penarth, local building company, to construct a three-



The map pinpoints the string of marinas running the length of the coastline with which the Welsh authorities hope to cash in on the popularity of lishore sailing as a sport. Considerable financial backing is likely to be available

Heartening flow of investment

"WE STILL get property men ringing up from London asking how many slag heaps we can see from the office window," an exasperated agent complained the other day. The traditional image of industrial Wales remains extraordinarily persistent, even among people who ought to know better. In the past twenty years the face of Wales has been transformed by industrial change, massive public investment in communications infrastructure and—in the wake of the Aberfan tragedy—one of the biggest derelict land restoration programmes in Western Europe.

Yet fund managers have only recently begun to take an interest in investment opportunities there. For most of them Britain's west coast is to be found at the Severn bridge, even though the M4 now arcs via Newport, Cardiff and Swansea deep into West Wales.

Certainly the Welsh property market has its peculiarities and pitfalls for the unwary. The market has been dominated by the public sector bodies, either as developer, in the case of industrial property, or as tenants in the case of office accommodation. But in an economic climate where easy returns are no longer guaranteed, even in the fashionable and long profitable Home Counties locations, Wales has been offering useful opportunities to perceptive investors. They should increase, moreover, if the Government's long-term aim of reining back "public sector" activity in order to make room for greater private involvement is fulfilled.

The recession hit Wales early. Within months of the Government coming to power in 1979 it was announced that iron and steel making would be ended at Shotton, North Wales, and severely curtailed at Port Talbot and Llanwern in South Wales under the British Steel Corporation's "Slimline Plan." Together with cutbacks in other steel plants, BSC in Wales shed a total of some 25,000 jobs in 1980, setting Welsh unemployment on an upwards spiral towards its present level of 17.5 per cent, or over 150,000.

But because Wales had been placed on the sharp end of the Government's economic policies an unprecedented effort was also set in train to compensate for the decline in the traditional employment base.

Deeside and Port Talbot travel-to-work areas were upgraded to Special Development Areas; Newport to Development Area—a status subsequently re-extended to Llanelly and part of the Abergavenny TWAs.

Special funds were made available to the Welsh Development Agency to undertake a crash programme of industrial estate advance factory building and infrastructure improvement. The Cwmbran Development Corporation also received a special allocation of £3m to

of highly successful private sector developments of small units and workshop-type premises for which demand has remained distinctly buoyant.

The new Enterprise Zone in the lower Swansea Valley has been proving a particularly fruitful investment location and the pace of development continues to accelerate. A second Welsh enterprise zone is to be established at Flint in North Wales, probably by June, and a third is expected to be announced in the near future, with the Milford Haven area being tipped as the most likely location.

The important point is that as the recession has deepened and the economic difficulties have spread to the even traditionally prosperous English

1,000 sq ft. But the overall record has shown that Wales is able to generate a good take-up of new space, even at the height of the worst recessions since the 1930s.

The recession has been felt more in the sharply rising stock of second-hand accommodation, not only in the industrial market but also the commercial and office sectors. Warehouse rents in unfavourable locations have fallen back an even good quality second-hand factories are available for as little as £2 a sq ft freehold. In some instances they are being purchased and profitably refurbished as workshop units.

Naturally the hope is that the worst may be over. Certainly signs of improvement

Last year there was an increase of 8 per cent but since the beginning of the year there has been an increase in activity and even cases of gazumping. Assuming interest rates do not move up again, a higher increase is anticipated this year.

Another important factor for the development of the Welsh property market is that an ambitious programme of road improvements has been largely protected from the Government's public expenditure cut-backs.

The remaining sections of the M4 have been largely completed and a great deal of radical improvement work is going on further west. The Carmarthen by-pass is due to be completed this year and work is also under way on a number of other key sections on the routes to Haverfordwest and Pembroke.

Construction work is also going ahead rapidly on North Wales's equivalent route—the A55 expressway between the English border and Anglesey. Work on the Hawarden by-pass and the Colwyn Bay-Conwy section is already well under way and construction of the next key section—a tunnel under the Conwy estuary—is due to begin soon.

In South Wales there are also a number of improvements to provide fast feeder roads to the M4 which have either been completed, as in the case of the New Inn by-pass near Pontypool, or are under construction, as in the case of the Rogerstone by-pass and the Quakers' Yard-Merthyr Tydfil link.

Cardiff's communications network is due to be radically improved over the next two to three years by an arterial route which will loop from the motorway right through the south of the city and provide quick and easy access to the dock, foreshore and East Moors industrial and commercial areas. Given a general improvement in the economic climate, all these improvements have significant implications for the Welsh property market.

Efforts of the public bodies charged with revitalising the Welsh economy have had a material impact on the property sector and its environment.

Robin Reeves reports from Cardiff.

develop a major new estate at Llantrann.

Local authorities also responded by examining industrial land and accommodation needs and most are trying to do something to meet the situation within the tightening limits of their budgets.

The European Economic Community has also proved very helpful. Because of its traditional coal and steel base large parts of Wales have had access to the soft loans and grants available from the European Coal and Steel Community as well as the regional development and social funds for restructuring and diversification of the local economy.

In these circumstances the opportunities for private sector investment have inevitably been limited but by no means nonexistent. The WDA has been working to create a better climate by pushing rents up from their historically exceptionally low levels and there have been a number of instances

regions, Wales has been demonstrating a capacity—surprising to some—to win a fair slice of the limited amount of footloose investment available.

The best publicised recent arrivals in South Wales have been Innos and Mital, which are spending £25m and £32.5m respectively on major new microelectronics facilities. In North Wales a number of prestigious high technology projects such as Deside Titanium and Optical Fibres are coming on stream. Overall, the Welsh Development Agency has defied the prevailing economic climate by achieving a level of inquiries and lettings which has broken all its previous records.

It is true that this success owes much to a vigorous marketing campaign. It also reflects, however, the fact that modern industry is requiring increasing amounts of space for its activities. The WDA used to reckon on 5 jobs per 1,000 sq ft. Now the ratio is near 3 jobs per

are detected by one organisation with its finger on the pulse—the Land Authority for Wales. Established under Labour's Community Land Act, LAW survived the Conservative's repeal of Act because of representations from the building industry, which found its powers to assemble and sell commercial and residential sites for development or redevelopment extremely valuable. It reckons to handle about 30 per cent of the market in development land according to Mr Ted Howells, LAW's chief executive. In the past few months there has been a distinct pick-up in active enquiries.

After two years in which the authority has failed to fulfil its land sales target of £1m per annum, he is confident it will reach its 1982-83 disposal target of £5m, or some 120 acres of land, because of a gradually improving trend.

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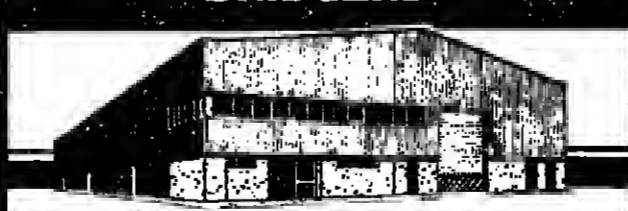
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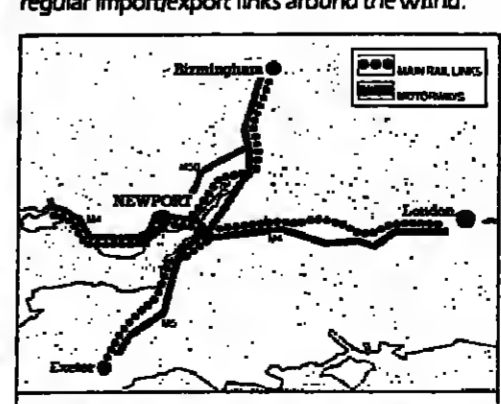
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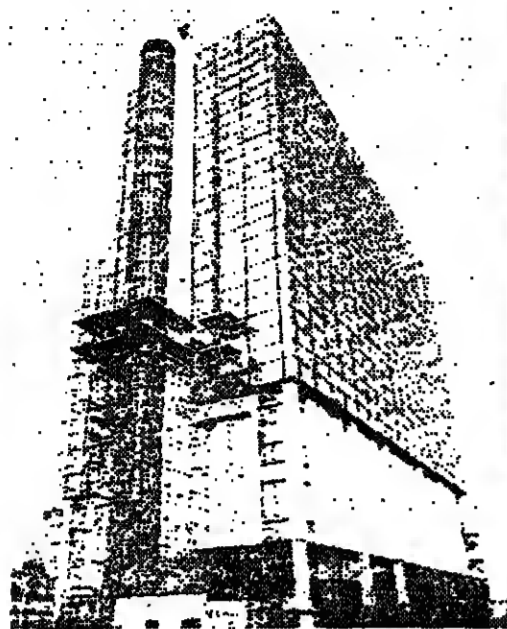
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PROPERTY IN WALES II



Left: The new Cardiff headquarters of Wales Gas. Above: The Tesco store which forms part of the St David's Shopping Centre, facing on to the pedestrian precinct

Some stirrings in offices market

JUST UNDER a year ago Chemical Bank, the sixth largest U.S. banking group, announced it was transferring the bulk of its operations from London to Cardiff. It was far from being the first organisation to question the economics of continuing to pay high London rents to accommodate the majority of staff when modern

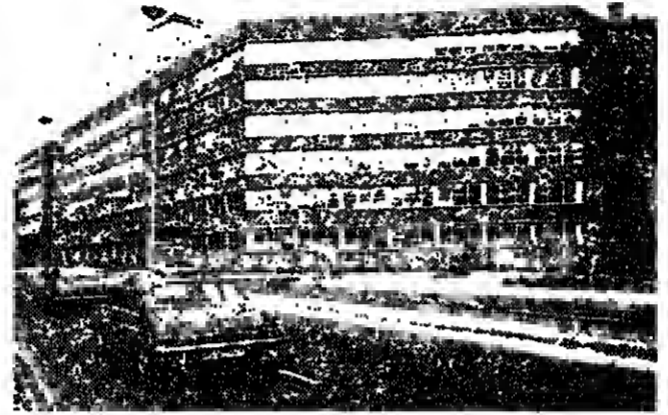
communications technology makes it possible to run a perfectly efficient operation from a far less expensive location. But what was interesting was that Cardiff was selected after a detailed study of the respective relocation merits of 20 cities in England and Wales, including many of the centres favoured in the relocation upsurge

in the 1970s.

At that time Cardiff—unlike neighbouring Bristol—proved unable to win a slice of the private sector office relocation business, despite the M4 and British Rail's High Speed Train which has brought Cardiff and Newport within virtually commuting distance of Paddington. The growth in demand for office accommodation has come principally from the public sector, from the decentralisation of Government departments (the Export Credits Guarantee Department and Companies Registry are now located in Cardiff), from the expansion of the Welsh Office and from local government. Take-up by the private sector has been largely limited to regional headquarters and confined mainly to Cardiff. Demand in Swansea—and even more so in Newport—tends to be mostly, though not entirely, local in character.

In the circumstances Chemical Bank's arrival at the height of the recession has given a significant boost to morale in the Cardiff office market. The bank is now installed in the newly completed 70,000 sq ft Trafalgar House development just off Cardiff's prime area, Newport Road, at a rent reported to be around £5.35 a sq ft.

The market has also taken cheer from the BBC's purchase of the British Steel Corporation's former 65,000 sq ft Welsh Division headquarters for just



The Cardiff offices of Chemical Bank, the sixth largest U.S. banking group. The bank's decision to transfer the major part of its UK operation from London injected a much-needed touch of optimism into the local property market

over £1m to meet the extra accommodation needs of the new Welsh Fourth TV channel; from a major 190,000 sq ft central area development by Guardian Assurance for Wales Gas and a new 18,000 sq ft regional headquarters for Lloyds Bank in Cathedral Road.

A recently completed 60,000 sq ft office development by Sunlife on Newport Road—Longcross Court—is 25 per cent let and further enquiries are reported at £5.75 a sq ft. Sun Alliance has also just started building work on 32,000 sq ft offices and ground floor shops redevelopment on Queen Street.

Significant stock

But there is certainly no rush to undertake any major speculative development. Espley-Tyas has detailed plans ready for 53,000 sq ft of offices on Kingsway, immediately opposite Cardiff Castle, but no commencement date. There is nothing immediately in the pipeline to meet the needs of another Chemical Bank should it arrive on the doorstep—unless, that is, it was prepared to take some of the significant stock of second-hand accommodation totalling in Cardiff some 3m sq ft, a good deal of which has been created by the transfer of civil servants from scattered offices in the City into the Welsh Office's new 20m Crown Building in Cathays Park. This process has left the Pearl Assurance tower building for instance, which commands fine views over the whole city, half-empty. One new development—South Gate House in Wood Street—has been slow to let.

Work is about to begin on a 120,000 sq ft development on the corner of Newport Road and Fitzalan Place—to be known as Fitzalan Court. But this scheme will be made up of 10 to 12 self-contained units interlinked over a central podium to give a village-like atmosphere. The development, which is expected to cost some £9m, is being

financed by Campaign Properties, a local development consortium, and tenancy negotiations covering half the space are said to be well advanced.

The signs are, for the time being at least, that this type of development will be the most fruitful avenue for further investment. The pendulum has swung, it seems, against large blocks for multiple occupation in favour of offices of 20,000 sq ft and under with their own front door and suitable for the regional headquarters.

Meanwhile, a fresh measure of the market's confidence is likely to be provided by a 200,000 sq ft site immediately next to the new Wales Gas development which the Laod Authority for Wales plans to start marketing in earnest in the coming months.

In the retail sector Cardiff's new 500,000 sq ft St David's Shopping Centre has got off to a good start and the second phase of Swansea's Quadrant Centre is complete and largely occupied. There is no let-up in large store developments, even though Wales has a higher proportion per head of population than the UK average. Sainsbury's is moving into both Cardiff and Swansea for the first time with major developments.

Interest is currently focused on the fate of a £25m American-style shopping and "theatre centre" on Queens St being put forward by Guardian Royal Exchange.

The scheme would incorporate a department store, 34 shops on two levels, restaurants, a glass topped central area for market stalls and recreation facilities and a 50 ft waterfall. But amid accusations that the development will create more retail accommodation than Cardiff can now cope with, it has just been refused planning permission on the grounds it goes against the city's structure plan and would increase traffic congestion. Guardian Royal is undeterred, however, and has been attempting to rally public opinion behind the scheme by mounting a special exhibition to display its merits.

Development Agency in modified programme

THE ROAD to hell may or may not be paved with good intentions but it was certainly the original intention of Mr Nicholas Edwards, the Secretary of State for Wales, on assuming office in May 1979 to curb radically the industrial property development activities of the Welsh Development Agency (WDA)—in order to make room for greater private sector activity.

In the event Mr Edwards was blown off course by the gathering steel crisis.

Faced with the shutdown of iron and steel making at the British Steel Corporation's Shotton works in North Wales and massive redundancies at Port Talbot and Llanwern in South Wales, he felt politically obliged to sanction a programme of advance factory building and new industrial estate development which transformed the WDA into the biggest industrial property developer in Western Europe.

Last year, the agency added a total of 2.5m sq ft of new space to its portfolio which now totals nearly 20m sq ft—or 450 new factory units. This was more space than it had built in the whole of its previous five years' existence. Yet by combining this programme with a £1.7m marketing and promotion drive it found tenants for 1.5m sq ft or 250 units—no mean achievement given the intensity of the recession.

In the current financial year it has cut back its building programme to around 1m sq ft of new space and is concentrating more resources on infrastructure provision, pending an increased take-up of its now large stock of premises.

Factory design

Meanwhile the agency's current construction programme includes a new design of factory premises being built at its new Dafen industrial estate, Llanelli. The new units have improved insulation and draught-proofing which should cut heating bills by up to 50 per cent. The basic units can also be subdivided or multiplied to provide a total of 18 different types of self-contained factories ranging from 550 sq ft to 50,000 sq ft. They will incorporate a greater proportion of office accommodation, reflecting the fact that the distinction between industrial and office space is becoming blurred in modern new technology industries.

The infrastructure programme includes the acquisition of a number of sites in key locations aimed particularly at meeting the needs of knowledge-based and other high technology industries. A contract worth £100,000 was recently awarded to start the development of a 22-acre greenfield site at Mamhilad, near Pontypool, as a

high technology park. Two other sites earmarked for development along the same lines are 24 acres at Griffithstown which will be called Pontypool Industrial Park and 58 acres at St Mellons between Cardiff and Newport.

At the same time it has sought to give encouragement to the private sector by lifting rents from historically very low levels in order to provide a more attractive market for investment and also where possible by involving private sector funding in some of its developments.

A modern WDA factory now commands on average £1.20 to £1.50 a sq ft, a 30 per cent improvement on the level ruling some 18 months ago. Smaller units in prime locations can make as much as £2 to £2.50 a sq ft.

It was the prospect of rental growth which persuaded the Norwich Insurance Group and CIN Properties, the coal industry pension fund subsidiary, to invest £5m and £3m respectively in factory developments at Bridgend, Cardiff and Barry.

That was more than two years ago. Discussions with up to a dozen financial institutions have taken place since, but because

of the recession the only tie-up so far has been a rental guarantee agreement by the agency to ICFE Developments for leasing ahead with construction of 23 workshop units at Llantrisant, Mid Glamorgan.

Under the terms of the agreement the agency will take short-term leases on the units immediately they are completed, thereby guaranteeing a return from the outset. For its part, the agency will receive a share of any rental growth on units let during the period of the scheme.

Conversion grants

Drawing on the experience of Gwynedd County Council over the past two years the agency has also just announced an interesting scheme to provide grants of up to 35 per cent of the cost of converting redundant buildings in rural areas into useful workplaces. The grants, which cover professional fees as well as conversion work, are aimed at encouraging the refurbishing by small companies of derelict barns, redundant chapels, disused dairies, abandoned military installations, unwanted schools, old railway stations and obsolete mills.

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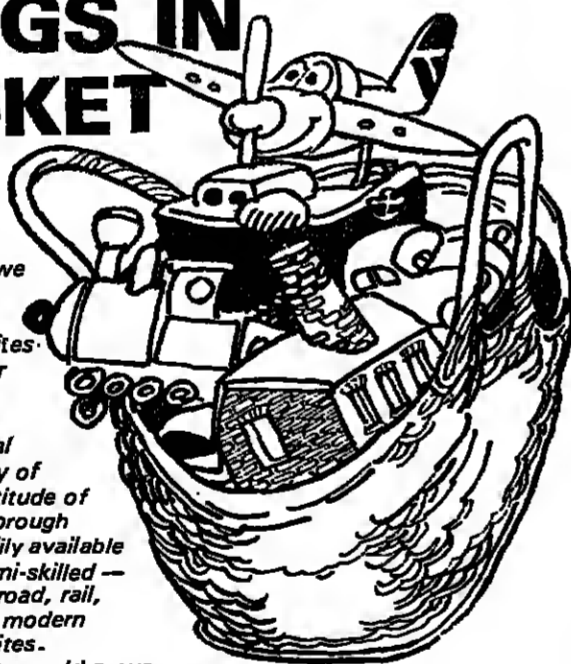
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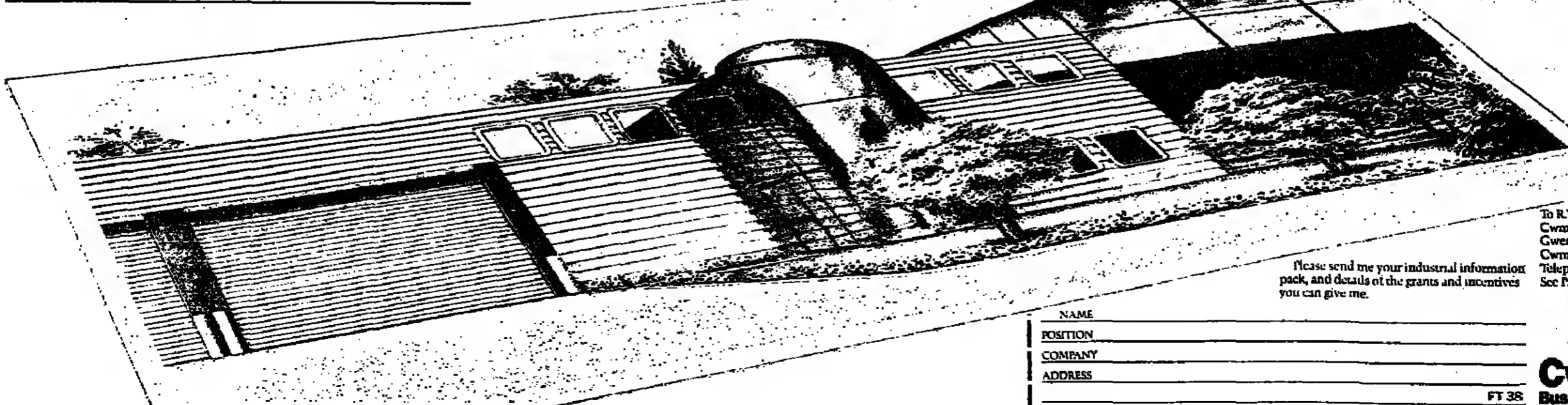
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PROPERTY IN WALES III

FINANCIAL TIMES REPORT

Mid Wales Board scores with small factories

THE DEVELOPMENT Board for Rural Wales was established in 1977 as a country cousin of the Welsh Development Agency (WDA) and charged with the task of tackling the century-old problem of depopulation in the Mid Wales districts of Brecknock, Montgomery and Radnor (making up the county of Powys), plus Ceredigion and Merioneth.

As with the WDA, the building of advance factories to provide new employment has been a major plank of the board's activities. But it also has the power, unusual for an economic development body, to build houses, its ability to market a factory plus house for rent has proved a particularly useful attraction for the entrepreneur getting into business by selling his own house to raise the initial capital.

The board—recently renamed for marketing purposes Mid Wales Development—has enjoyed considerable success in filling both the factories it has built itself in selected towns throughout Mid Wales and the stock it inherited from predecessor bodies.

Countryside

It has undoubtedly benefited from a trend among small businesses to move from inner cities and traditional industrial areas to the countryside. But with rents in Mid Wales currently static at between 90p and £1.35 a square foot for industrial space £2.50 a square foot for office accommodation and around £4.50 for shops, there is as yet little incentive for significant private sector activity.

The recession has taken its toll in the last two years. Of its total stock of 278 factories, amounting to just over 2m square feet, some 42 units or 250,000 square feet are currently empty.

In the period March to December last year it let 60 factories but suffered 40 "withdrawals". A further 35 factories totalling 75,000 square feet are currently under construction, most of them small units of under 5,000 square feet.

The emphasis on smaller units reflects the pattern of demand for space in the current economic climate—large units are proving difficult to let whereas small units are going surprisingly well. It has been reinforced by the Government's decision to go ahead with downgrading of large parts of Mid Wales Development's operating area for regional grant purposes. Last August, a large slice of Mid Wales was descheduled altogether.

As compensation, however, the Board has been given the power to make small business grants out of a block allocation. In the first year, of £250,000. According to Mr Peter Garbett-Edwards, the board's development director, the new grant scheme is attracting considerable interest and the first half dozen applications have just been approved.

The board's building programme in the next financial year is to include the construction of two small science/technology parks at Aberystwyth and Newtown. The Aberystwyth site is being developed in close co-operation with the town's University College of Wales in the hope that there will be some useful cross fertilisation. The development in Newtown, where the board acts as a new town development corporation, is aimed at attracting small high technology companies from outside the region. It will incorporate a small business centre to provide common computer, telephone and clerical services for the smaller units.

Also in Newtown, Mid Wales Development is building a 3-storey, 22,000 sq ft office block—St David's House—on the same principle as an advance factory. But with Newtown now approaching its target population of 11,000, the Board is planning in future years to give greater emphasis to the development of Aberystwyth and Llandrindod Wells. It is already concentrating on efforts to stimulate these two towns as district shopping centres.

Land authority raises sights

AFTER TWO years in the doldrums there are definite signs of more activity in the commercial and residential markets, according to Mr Ted Howells, chief executive of the Land Authority for Wales (LAW). He traces the improvement back to the start of the fall in interest rates last autumn—and indeed detected temporary signs of hesitation at the beginning of this year when it looked as if interest rates might rise significantly again.

The Land Authority is well placed to judge the feel of the market. Established under the last Labour Government's Community Land Act, it survived the Act's repeal by the Conservatives because of a widespread recognition, particularly in the building industry, that it was doing a valuable job in assembling sites for development and re-development and ironing out bottlenecks in the land market.

In England and Scotland the Act broadly speaking never really worked, not least because its powers were vested in local authorities rather than a separate organisation.

LAW aims to supply some 30 per cent of the Welsh commercial and residential land market by maintaining a bank of development land, putting in the necessary infrastructure and then selling it on to builders and developers either by public tender or, occasionally, by negotiation.

LAW has proved particularly valuable to small builders because it is prepared to arrange deferred payment for land in order to ease their cash flow difficulties. Thanks to its compulsory purchase powers it is also able to take over difficult sites with infrastructure problems, multiple ownership and/or unsound titles, give them a sound title and turn them into marketable propositions.

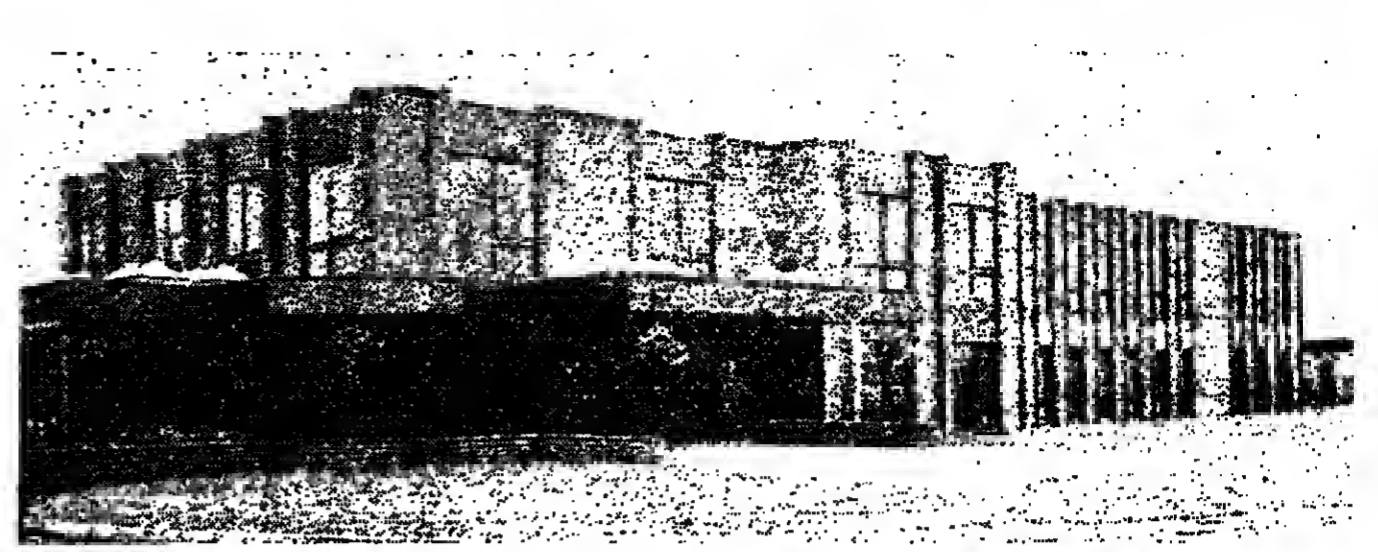
During the recession LAW has acted as a land "wholesaler", preparing the infrastructure of sites ready for an upturn in demand. This is a process which in its experience takes an average of three years but which few in the private sector are prepared to undertake until they see a buoyant market—hence the appearance of bottlenecks even when the amount of land with planning permission appears more than adequate.

On price, LAW's policy is to sell at a reasonable price or not sell at all. For every £1m spent on purchasing land and infrastructure improvements it has received an average £1.4m from sales. Each developer in turn spends an average of £1.4m on developing the land.

The profit for LAW's operations are scheduled eventually to be distributed back to the community, probably Welsh local authorities, but at present it is still paying back the £61m borrowed to launch its activities seven years ago.

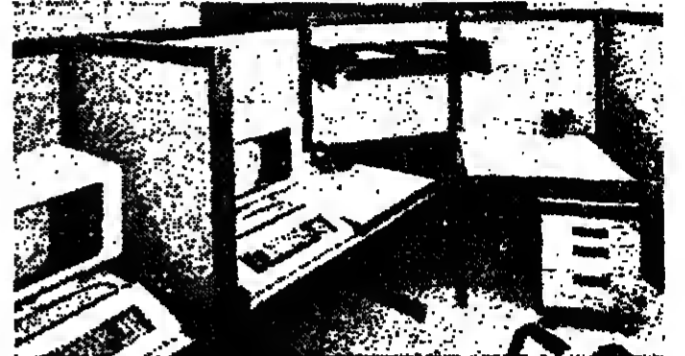
At the last count the authority held a stock of land totalling 1,233 acres worth £15m to £18m. Some £3m is being added in the current financial year.

On the disposals side, in the financial years 1980-81 and 1981-82 the state of the market was such that the authority failed to meet its sales projections. But in 1982-83 the more buoyant market is bringing within reach its sales target of 120 acres worth some £51m. On present form, it expects to boost disposals at reasonable prices still further to meet developers' increasing needs in the coming financial year.



Expanding N. Wales group

The new headquarters (above) at Deeside, Clwyd, North Wales, of Iceland Frozen Foods, a rapidly expanding group with 54 freezer centres serving the North-West. It enlisted the services of Project Office Furniture on a package basis to equip the interior of the building with an eye to increased productivity and the group's expansion needs. Part of the installation are the VDU workstations (right) communicating with the group's IBM Systems 38 minicomputer.



Lure of the Enterprise Zone

DESPITE THE dominance of the public sector in the Welsh industrial property market, the private sector has not been dormant. At the height of the crash programme of advance factory building being undertaken by the Welsh Development Agency (WDA) to offset Wales's massive steel redundancies, the Norcross group announced the development of a £20m-estate of 30-acres in Cardiff's northern suburbs, close to the M4. Infrastructure work for the whole site has just been completed and more than two-thirds of the first phase of 75,000 sq ft in high quality units of 3,000 sq ft to 16,000 sq ft have been let at rents of £2.25 to £2.50 a sq ft—double the levels currently prevailing in the south of the city.

Work is due to start shortly on the second phase of 50,000 sq ft and the agents are in advanced discussions with three companies each wanting custom-built premises in excess of 50,000 sq ft.

Similarly in North Wales a civil engineering company, F. G. Whitley and Sons—undeterred by the large amount of space being put up by the WDA and local councils in the wake of the Stottion roundabout—built a new estate near Mold which has now been largely let.

In South Wales again, Hollybond of Bristol has just submitted a planning application to develop a 60-acre high technology science park at Island Farm on the A48 near Bridgend. The county council has just proposed extending it by a further 30 acres.

A great deal of private sector interest is concentrated in the Swansea Enterprise Zone. Extending to 735 acres of mainly reclaimed land in the Lower Swansea Valley—once a by-word for industrial dereliction—it is proving among the most successful of the enterprise zones.

The amount of space which has either been taken up or built since the zone was first announced in March 1980 has already generated just over 1,000 jobs. One-third of companies taking space are start-up businesses and a further quarter are new branches of companies which have not previously had a presence in the region.

William Moss Developments was fortunate enough to have a speculative development of units ranging from 3,000 sq ft to 11,000 sq ft included in the zone and those are now all let. The city council itself, which owns a high proportion of the land within the designated zone, was also ready with a range of units totalling 60,000 sq ft and all but one or two are now let.

Current space under construction includes a 30,000 square foot distribution depot and pub for Bass Wales and the West, a 30,000 square foot warehouse and distribution depot by Coud Developments (Wales) for Debenhams, and

other 15,000 square foot distribution depot for Usher Brewery; a 45,000 sq ft superstore by Tesco's and a further 20,000 sq ft retail premises by Norman (Buddleigh).

Enterprise Zone Development has just completed a group of units which add up to some 17,000 square feet of space varying from 750 square feet to 1,500 square feet and lettings are going well. An associated company has agreed terms for a second phase of similar size and shape.

The council is also building a group of units which are earmarked for the motor trade. This "Autocentre," as it will be called, is already in lively demand.

Partnership

Developments in the pipeline include a 40,000 sq ft cash and carry warehouse to be built on that part of the zone which is being prepared jointly by Swansea Council and the Land Authority for Wales. Indeed, it will be the first development on the partnership land. Discussions are also at an advanced stage for the building of a further two major distribution warehouses, some speculative retail/wholesale warehousing mixes and possibly a hotel. Moreover, there appears to be no let-up in interest. Serious inquiries for either units or land are continuing at an average of a dozen a week.

It remains to be seen whether the announcement of a second Welsh Enterprise Zone—this time at Flint in North Wales—will stimulate equal interest. The proposed new zone is still at the consultation stage but Delyn Borough Council are proposing an area of 260 acres which will include Courtaulds' former Castle Mill, now in private ownership, the same company's Deeside Mill, which is in part

production, the Aber works which is jointly owned by the council and the WDA. Manor Industrial Estate and a number of smaller sites, some of which will have to be reclaimed. In short, it will offer a fair amount of immediately available accommodation as well as land for development. The council hopes to complete the administrative formalities in time to secure official designation of the zone by June.

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Friday February 11 1983

A measure of our problems

THE GLOOMY forecasts for the UK economy offered by the OECD in its latest study are not surprising — the projections are, as usual, very much in line with those made by the British Treasury — and they are some extent out of date. The sterling effective exchange rate has fallen by about 10 per cent since the main study was made, and there is little doubt that in the short-term, at least, this will prove a benefit. Loss of competitiveness is shown to be the main cause of British decline, and some margin has been clawed back.

In this sense Britain is already getting some benefit from the expected decline in oil prices, which should in due course add rather less than 1 per cent to developed world growth in general; and a less uncompetitive position in a rather less anemic world market is an undoubted blessing.

If the Government's hopes — which we share — that the impact on domestic prices will be small proves well founded, the benefit will be lasting. Rather more of the growth of UK demand will work through to domestic industry, and export prospects should be considerably better — as the leadership of the normally pessimistic Confederation of British Industry has already confirmed.

Threat

However, the fact that things are not quite as bad as they looked as recently as December is not the same as saying that everything is relieved that the real value of the OECD analysis is that it shows how formidable the underlying problem remains.

The de-industrialisation of Britain is no longer a blood-curdling rhetorical threat; it is becoming an accomplished fact. Not only has output fallen, but so has industrial capacity and the stock of productive capital. Since labour productivity has at last been rising, the loss of employment opportunities has been severe, and it will take many years of expansion, both in

manufacturing and services, to make anything like full use of the country's human resources.

Incentive

While the loss of overseas competitiveness has been devastating — it peaked at 55 per cent after the wage explosion and simultaneous rise in sterling in 1979-80 — it is not the whole story.

Internally, for example, the cost of labour has risen nearly 26 per cent more than the cost of capital equipment since the present government took office. The price mechanism therefore gives industry a strong incentive to invest in labour saving rather than overall expansion. The rise in productivity — the favourable reflection of labour-shedding — has not been strong enough to counteract this change in relative prices; there are still stronger reasons than in 1979 to shed labour.

These brute facts of shrinking productive capacity and rising unemployment must inevitably set the economic agenda for several years to come. The underlying improvement in efficiency and the dawn of rational wage bargaining are a necessary but not a sufficient condition for recovery; official policy must help, and this will be the test for next month's Budget.

The OECD suggests very much the same priorities which we have been urging — an attack on the poverty trap to improve incentives, measures to reduce employment costs, on the lines urged by the CBI, and the deployment of idle labour in an enlarged programme of public sector investment. The OECD sees some room for cautious fiscal relaxation to finance this programme; but there is certainly no room for frilleries, such as the back-bench campaign for yet more concessions to owner-occupiers.

The damage, as the OECD analysis shows, is grave, and the only priority must be to help in repairing it.

UK tactics on EEC budget

THE British Government — and its partners in the European Community, for that matter — can only be relieved that the European Parliament has at last endorsed a supplementary budget which will significantly reduce in retrospect Britain's excess financial contribution to the Community in 1982. The form in which that endorsement has been given strongly suggests that the UK may need to reassess its negotiating tactics for gaining similar rebates in future, as well as its attitude to the overall size of the Community budget.

Until now, rectifications to Britain's excess budgetary contributions have taken the form of largely financial rebates. The Parliament has now ruled out this kind of monetary book-keeping, and insisted that future effective adjustments of net national contributions must take the form of expenditure on genuine, and better balanced, Community policies. This time round the member states have complied with Parliament's wishes, by ear-marking substantial sums to energy projects in Britain (and Germany).

If Parliament sticks to its position, the British Government will not in future be able to count on getting any purely financial rebates, and will have to take a more expansionist view of Community spending in non-agricultural sectors than comes naturally.

Even that may be over-optimistic: the admission of Spain and Portugal will unavoidably lead to an increase in spending on a range of Mediterranean products, at least for a period. Since the development of non-farm spending policies is liable to be a time-consuming business, the UK has until now contended that an

interim (financial) solution must be found for the next two or three years, until a more permanent balance can be achieved.

Agreement

The question now is whether the European Parliament and the British Government can between them succeed in significantly alleviating that time-consuming process. The Parliament has demanded that the Commission table precise proposals for the development of Community policies by the end of May, and that decisions on them be taken by the member states) be effective by the end of the year. In the past, the Parliament could not be counted on for consistency or firmness of purpose; but since it faces a decision little more than a year from now, it may feel it has found an issue on which consistency will be rewarded.

Such a time-table does not offer an easy agreement to the UK's effective rebate to the Parliament's position is that the 1983 arrangement must represent further development of Community policies.

Any delay must seem unattractive to a government which is itself facing an election. But in the circumstances, for Britain to reinforce rather than obstruct parliamentary pressure for new spending policies, may be to make a virtue of a necessity.

In the last resort, as the other member states must be aware, the UK may feel it has no alternative but to withhold payments to the Community. But to wield that ultimate weapon prematurely would be counterproductive. In the meantime, the UK should give maximum support to the Commission's suggestion this week that new sources of budgetary revenue should be raised by taxing agriculture. Such an innovation would take time to negotiate, and more time to ratify in national parliaments; but if introduced, it could ease the British budget problem, and exert pressure for farm reform.

DEFEATED. That is the only word to describe the atmosphere hanging over this week's meeting in Vienna of the United Nations Commission on Narcotic Drugs.

As the conference opened, with the traditional ritual of country-by-country reports on illegal drug traffic, it was like watching a large black jigsaw being assembled piece-by-piece in public.

Italy told of heroin laboratories recently unearthed in Sicily, indicating the re-emergence of Mafia dope rings; Malaysia reported a 13 per cent increase in drug addiction; Britain a doubling of heroin seizures by customs in 1982.

Pakistan, which has become Europe's biggest heroin supplier and created over 25,000 addicts of its own as a by-product, said its black market was now in turn being flooded with illegally handled western pharmaceutical drugs. Sweden said heroin abuse had now spread well beyond the normal confines of the big cities. And even China, which amazed everyone in the 1950s by stamping out opium with a mixture of ferocious law enforcement and sealed borders, admitted that last year heroin had made its return.

Mr Michael Davies, who heads the commission's section on illicit traffic, said that "perhaps the most worrying aspect is the extent to which drug trafficking is linked with organised crime, including illegal arms trafficking." There was, he added, no sign of any let-up.

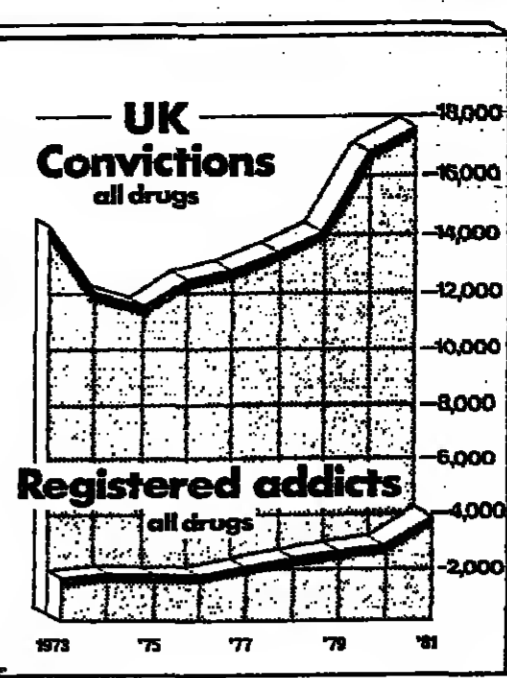
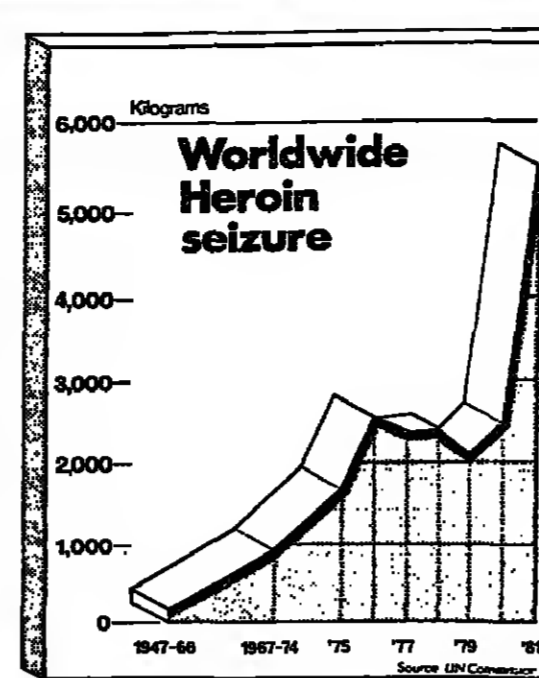
Other judgments point in the same direction. "We have a heroin epidemic all over the world," says Mr Dominick Di Carlo, the U.S. assistant secretary of state responsible for narcotics. "The general view is that we are sitting on a powder keg and I don't dissent."

What figures there are tell the same story. World heroin seizures have multiplied by more than three since 1975. Nor is it only heroin, cannabis resin seizures are up four times in the same period. In 1981, 47.8m doses of stimulants, such as the amphetamines once widely used for slimming, were seized, against 8.2m in 1978 and 38.3m doses of that most swiftness of the 1960s drugs, including LSD, compared with 206,000.

Since even the most optimistic customs men claim only a 10 per cent success rate against drug smuggling, that represents an awful lot of contraband. Drug crime figures follow a similar slope in most countries, as do the casualty rates. In 1973, the Italian authorities recorded just one drug-related death; last year they counted 250. German records show 990. In Europe the most talked about drug, although not in all countries the most troubling, is heroin, which before 1975 was virtually unknown as a drug of abuse in Europe outside Britain.

The transformation began at a trickle when reduced demand for American soldiers in Vietnam and the occasional good harvest started to push small quantities of "Chinese" heroin from the Golden Triangle between Burma, Laos and Thailand into the Soho district of London in the early 1970s.

Before that, Britain's fairly stable population of about 1,000 registered opium addicts had been introduced to the drug with 100 per cent pure, British pharmaceutical heroin. (Opium drugs are those derived from



Drug addiction: a war the world is losing

By Ian Hargreaves

opium or synthetic opium.] Britain is still one of the few countries in the world which continues to use heroin as a pain killer.

Revolution in Iran in 1979 released a bigger wave of the drug to Europe as Iranian exiles used heroin as a compact form of export capital. Then in 1980, brown Pakistani heroin ("brown sugar") started to pour out of the destabilised north-eastern frontier province along the Afghan border, with Turkish nationals playing a prominent role as intermediaries.

Heroin becoming a recreational drug in Britain

It arrived in the soles of shoes, inside bags of rice, and in smaller quantities, inside people's bodies.

Last year, according to preliminary Interpol figures, 1,107 kilograms of heroin was seized in Europe, up from 880 kg in 1981. Some 73 per cent of the drug came from the Near East and 13 per cent from the Far East. Equally alarming, heroin manufactured in southern Europe appeared for the first time in the tally — at 9 per cent of the total. Interpol believes that this indicates the re-activation of the infamous Italian and French connections, which were major channels of supply to the U.S. in the 1950s and 1960s. The non-European seizures were fairly evenly spread along the overland trail from Turkey through Austria,

Switzerland, Germany and France.

One effect of this flood was to undermine the price, which in Britain has halved in real terms in the last five years, now selling at £60 a gramme, or even £40 according to some current reports. A serious user might consume between a quarter and one gramme a day; a beginner might start with an eighth. In Norway, Interpol says a gramme can now be bought for as little as Nkr 3,000 (£273) down from Nkr 10,000 at the peak and in Hamburg for a mere DM 300 (£80).

Since 1981, it has been possible to buy £5 and £10 bags of heroin on the streets of several British cities, providing an easy and cheap way for novices to try the drug. As a result heroin, sniffed or smoked rather than injected, has become a significant recreational drug, encouraged by inaccurate street talk that inhalation of heroin is non-addictive.

"People say they know more places to score heroin than to score cannabis," says Richard Hartnoll, a researcher who is examining drug abuse in two north London boroughs. "There is, he adds, increasing evidence of heroin use by teenagers and of its spread beyond the normal social confines of the children of the middle classes."

Mr Hartnoll's research is also helping to pioneer new techniques of quantifying drug abuse and his early findings suggest that Home Office figures on drug addiction are probably understated by a factor of five. This suggests an opium addict population of about 20,000 in Britain, compared with an

estimated 200,000 in the entire EEC and 600,000 in the U.S. But in Britain, the annual growth rate of new notifications to the Home Office has exceeded 30 per cent in each of the past two years.

However, heroin is only part of the picture, as the UN figures indicate. Synthetic opioids like Tethadone and Dipipanone, developed as heroin substitutes and still widely used to wean addicts off heroin, are also reaching the black market in unprecedented quantities, along with a whole pharmacopoeia of depressants and stimulants or psychotropic drugs, as the UN classifies them.

The UN, much to the irritation of the pharmaceutical industry, is continually trying to extend the range of its control over these drugs by broadening the scope of its 1971 convention on psychotropic drugs — the latest push being to bring Diazepam (better known as Valium) into the listings as a schedule four controlled drug.

Listing of a drug requires manufacturing and consumer countries to control its prescription, and to supply detailed information about its distribution. A requirement sufficiently onerous to have led many manufacturing countries to refuse to ratify the convention. In the case of Methaqualone, for example, (a powerful depressant) sold in Britain under the name Mandrax) Switzerland, a large producer of this as of many other drugs, provides no information.

Still more supplies of these psychotropic drugs are produced by illegal laboratories or by leakage from over-generous prescriptions written by naive

or, very occasionally, corrupt doctors.

What this tends to mean is that in a country where one drug may become briefly less popular or more scarce, another takes its place. In the U.S., for example, the last two years have seen a fall in heroin and cocaine seizures, but a huge increase in traffic in amphetamines, much of it organised by motor-cycle gangs. Although heroin and amphetamines are hardly interchangeable, since the early 1970s there has been an

Alternative crops policy still to prove itself

unswerving trend towards multiple drug abuse, where the user mixes different drugs to powerful, sometimes fatal effect.

In the case of drugs like heroin, cocaine and cannabis, with either little or no accepted medical use, the problems of controlling supply are of deep and longstanding political and economic complexity. Bolivia's coca leaf crop, for example, is thought to be its most valuable export and in the last few years many sub-Saharan farmers, like Jamaican and Lebanese farmers before them, have discovered the virtue of cannabis as an easy to grow cash crop with a steady market.

Mr Di Carlo, whose Government has worried about this problem longer than any other, is adamant that the only way to win the narcotics war is to persuade produce countries to

force their farmers into alternative crops.

A mix of arm-twisting and financial aid has for years been offered in support of this policy, without any impact at all on the overall scale of the problem. As one source, like Turkey in the late 1970s, has closed down, another has opened up. In a new initiative to broaden the diplomatic thrust, Mr Di Carlo has spent much of the last year trudging round European foreign ministries looking for backing. In some of these you get the reaction: why did you come here instead of the health minister?" he says.

If the anti-narcotics effort rests solely on U.S. diplomacy, he argues, it is bound to suffer whenever U.S. bilateral relations with a producer country, like Iran, are chilled. "Diplomacy is more important than money," he says in bringing about a solution. "We aren't going to solve the problem if we continue as we are."

There are some indications that this approach may be having some effect in the case of Pakistan, where four countries are involved in assisting a major state crackdown, which last year closed 27 heroin laboratories. But the level of lawlessness on the North East frontier makes this an uphill task, to say the least.

How western societies, their law enforcement authorities and care agencies could respond to these alarming events is a matter of debate everywhere.

In the U.S., the approach has been typified by the Florida task force which in the last year has drafted 40 additional federal agents in the fight against a \$12m a year illegal drugs industry and raised the state's sales tax to pay for it. A further 12 task forces are now planned at a cost of \$140m as Canada have reported a spillover of disrupted Florida traffic.

It is too early to say whether this effort is doing more than transfer the problem from one area to another. Across the Atlantic, the Paris-based UN laboratory has also been increased by 50 per cent.

Britain has traditionally avoided such heavy-handed tactics, although there is growing agreement that, with the appearance of a diverse range of drugs to gun-running and forged money in the British drugs scene, more resources will be needed for the sophisticated business of tracking down suppliers, rather than going for the easy prey of street-level drug users and middlemen.

The most important recent event in the British response, however, was not to do with law enforcement but with treatment and rehabilitation, the subject of a long-awaited report from the Advisory Council on the Misuse of Drugs. The Government has already promised \$6m over three years to implement changes.

The report's aim says Dr Connell, the council chairman, is to produce a diverse network of care facilities, using hospital clinics, GPs, social workers and publicly funded non-government agencies, to match service to the widely differing needs of individual drug users. "I believe it is best to regard these people as a handicapped population — that is my conclusion after many years," he says.

Depending upon your viewpoint, that is either defeatism or a sensible attempt to re-define the nature of the battle in line with reality.

Men & Matters

Glasgow rangers

The Confederation of British Industry still seems a little nervous about holding its first conference in Scotland this autumn.

Adam Smith, it is recalled, while praising the attractions of Glasgow, was interrupted by Dr Johnson who asked: "Pray sir, did you ever see Brentford?"

And there are fears that many CBI members may feel leaving Eastbourne to venture north of the border — despite their Scottish president Sir Campbell Fraser of Dunlop ("They've been McIntyre's years") and other expatriate Macs in the ranks.

One idea under consideration for lending a big more colour to the event is that the CBI should design its own tartan. Though the Lyon Court keeps a strict eye open for any false historical claims, there is apparently nothing to stop anyone from doing his own thing.



"I can see far, far into the future — there's no sign of Shergar but Charlie Haughey is still there."

The only problem facing the CBI is what combination of colours it could use. Even a thin red line seems to be out. So is a yellow stripe. And with the ecology "greens" ever more treasured, that colour grows daily less suitable.

Different shades of blue might be apt, though.

On side

Tory elder statesman Harold Macmillan, 89, yesterday announced not to rate his performance too highly. Back in 1957 when he was appointed Prime Minister, the news took second place in his local paper to a report on a Brighton football match.

Macmillan kept the cutting on his desk at 10 Downing Street as a warning against any ideas of self-importance.

Oil slicker

Put more than 1,600 oil industry executives in one ballroom and the temperature is bound to rise.

Put David Bellamy, conservationist and recently Australian jill expert, on the speakers' podium and watch it go up several degrees more.

The gathering of the Institute of Petroleum at the Grosvenor House, London, was saved from the usual self-congratulatory tedium of such affairs by the ebullient irreverence of Bellamy. He was all the more welcome as he followed a sombre speech by Hamish Gray, minister of state for energy, who told his audience uncomplainingly that ENOC "Does not set the price of oil in the North Sea — it discovers it."

Bellamy entertained with tales of killer whales and strange fishes, while quietly making his plea for more investment in conservation.

Perhaps minding his manners a bit too much he only lapsed out at his hostess once.

In his final observation he remarked that the occasion was lacking in one thing — a large cake topped with 200m candles, one for every year that living things had been rotting in order to produce the wealth enjoyed by the assembled company.

View point

Concerned at the lack of new industry coming into the town to replace 16,000 lost steel jobs, Scunthorpe Borough Council will begin advertising the attractions of the area in a four-minute TV commercial on Sunday.

The film itself cost £14,000 to make and will be the longest commercial shown on British television.

Councillors invited to a preview this week, however, saw a side of Scunthorpe they did not recognise: a spacious shopping precinct quite unlike the town's cramped High Street.

The film-makers, it seems, decided to add to Scunthorpe's attractions by shooting a few scenes in Leeds.

Mature student

Bernard Buckman, chairman of Wogen Resources, a metal trader and a long-standing China hand, is doing his bit to help the British Government attract foreign students back to Britain. He is a governor of London's School of Oriental and African Studies and, although in his seventies, he is to try for an O-level in Chinese next summer. Wogen has recently celebrated its tenth anniversary and the 30th anniversary of its allied

soft commodities trading company, by setting up a charitable trust worth more than £100,000. Most of the money will go to financing three separate year-long scholarships for Chinese graduates in the metallurgy department at Imperial College, London.

Buckman is asking China's ministry to submit a short list of candidates. "We had to work hard on our board to get such a long-term project through," he says. "Naturally we hope that Chinese students will be so impressed with metallurgy standards here that they will turn to Britain for expertise in the future."

Enough said

Though it is more than 150 years since Lord Brougham established the six hour record, members of the House of Lords frankly admitted yesterday that they are still too often bored by each other's long-winded speeches.

Regular nine hour debates were proving much too arduous, the 98-year-old Lord Shinwell complained.

Lord Orr-Ewing suggested a red light should be flashed after ten or 15 minutes to persuade a speaker to sit down.

Lord Mishcon had a brighter idea. "Would it not be better," he said, "if some members were not present for their own speeches?"

Down market

A customer walked into an Andorra off licence and asked for eight cans of beer. "Those are no good," he complained as the shopkeeper put them on the counter, "the ring-pull is on the bottom of the cans."

Observer

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POLITICS TODAY

The Speaker and St. Trinian's

By Malcolm Rutherford

THE ODDS must still be against an early general election. Mrs Thatcher's preferred date is March 1984. Her argument against June this year is that there is no obvious reason for going to the country so soon.

A subsidiary argument—which implicitly reflects a lack of total confidence that she will win—is that if she went early and lost, she would never be forgiven by the Conservative Party (or herself) for handing over the Government to Mr Michael Foot prematurely.

The same arguments might be applied to October this year, though less strongly, for it is hard to foresee what might happen during the summer months to invalidate them.

At present, the only development likely to change Mrs Thatcher's mind would be sustained turbulence on the foreign exchange markets. She dislikes what she has come to regard as currency speculation and, if it took off in a big way, might be prepared to go to the country early on the grounds that only a re-elected Conservative Government could restore stability.

But that hasn't happened yet, despite the scare last month. And one has to report that even some Ministers have been advised to have backed away from advocating an early election because they are convinced that the Prime Minister won't wear it. Their reasoning is that even when they have opposed her before, Mrs Thatcher has usually been proved right. This time, they wonder, not least because they believe that the Labour Party is frightened of an election in June.

An important change in parliamentary procedure was confirmed last week when Mr George Thomas, the Speaker of the House of Commons, suddenly called an all-party conference to discuss what he describes as "the outrageous way in which Prime Minister's Question Time is being run."

Mr Thomas has made no secret over the years of his dislike of the "open question" and his concern about parliamentary noise, especially when it comes across in sound broadcasts.

The open question is one

which begins: "Will the Prime Minister list her official engagements for the day?" Members are then free to ask practically any question they like, if called by the Speaker.

A substantive question, by contrast, might be: "Will the Prime Minister say what items she intends to discuss with President Reagan at the economic summit in May?" After a brief reply, Members may ask follow-up questions.

There used to be a kind of question, now out of fashion, like: "Will the Prime Minister say when she next intends to visit Glasgow?" It indicated that a follow-up was coming on some local matter, though even that was open to abuse. For instance, a Member might stand up and say: "On her way to Glasgow would the Prime Minister care to stop off at Peterborough?"

Nowadays, however, the open question is all the rage. As Mr James Lamond, the Labour MP for Oldham East pointed out, 57 of the 68 questions put down to the Prime Minister last Thursday were open. There is also the point that since questions have to be tabled two weeks in advance, substantive questions may not always remain topical.

Still, the Speaker thought that the business had gone too far and called his conference to discuss the matter. His views were decisively rejected especially by the two main parties, both of which were acting on the advice of their leaders. The result is that the open question has now been established officially as the norm rather than the exception.

To be fair, no complaint about the open question ever came from Mrs Thatcher and she has almost never referred a question to another Minister. She takes almost everything in her stride. But that in a way shows the bias of Prime Minister's Question Time. The Prime Minister of the day is exceptionally well briefed, having access to all Departments, and always has the last word. It was the same when Mr Callaghan was in office. It is very difficult for the Opposition to win.

The only time when Mrs Thatcher rattled is when she is asked about a decision which she has made against her heart.



Mr Speaker Thomas: his views were rejected

That happened on January 27 when Mr Stan Newens, the Labour MP for Harlow, suddenly raised the matter of British involvement in loans to Argentina. The Prime Minister plainly didn't like the decision and immediately became flustered. She was eventually rescued by a Tory MP who managed to change the subject, but it had been a difficult few minutes. The Opposition could learn a lot from that experience.

Other matters relating to the conduct of parliamentary business are still under discussion. One is the backbenchers' complaint about the precedence given to privy councillors, who tend to be called first. The real problem here is that there are too many of them. In the old days, the general custom was that MPs became privy councillors only if they belonged to the Cabinet. Moreover, after their stint in office they often moved on to the Lords. Nowadays, however, they tend to stay in the Commons and quite a lot of junior Ministers are made privy councillors almost as an extension of the Honours List or compensation for not having Cabinet rank.

Yet, if you look closely, it may be seen that change is taking place even here. The most conspicuous offender used to be Mr David Ennals, the former Labour Minister, who expected to be called on almost any subject under the sun, much to the House's annoyance. Mr Ennals is now called less often than he was.

Sir Julian Amery, on the Conservative side, is now called less often, too. The same fate could even overtake Mr Enoch Powell if he continues to show signs of losing his magician's spell over the House, as he has in the last few months. The Speaker can, of course, have a word with any of these Members in private.

The other reform which has gone through quietly and informally is that Members now make shorter speeches. It reduces the onerousness of a speech and allows a real orator needs five minutes just to give his name and address. But at least it means that more Members get in.

The reform unlikely to be easily accomplished is the adaptation of the House to a three-party system. That is at the heart of the present problem. The Social Democrats have no proper place to sit. Labour Members try to crowd them out and shout them down. The Tories are not above the shouting bit either, especially when Mr Roy Jenkins is called.

The Speaker seems to try to compensate by continuing to regard the Alliance as two separate parties, so that between them the Liberals and the SDP get a fair share of parliamentary time. But the basic difficulty remains: the House was designed for a confrontation between two parties sitting opposite each other. There would be no problem if the semicircular seating pattern of the West German Parliament was adopted. But it would be much less lively.

Anyway, perhaps the Speaker protests too much. Plainly he does not like to receive letters complaining about the bear garden or asking "what does it feel like to be head of St Trinian's?" and is now advising people to write directly to their MPs. But there are two points to be made in excuse. The noise does not seem to

be getting any worse and it is surely better to have (say) Mr Dennis Skinner in the House than outside it. Secondly the noise sounds much worse on radio than it does when you are there. Even at its fullest and rowdiest, the House of Commons very rarely looks as if it is even remotely out of control.

One answer might be to re-examine the acoustics, which are not sensational even at the best of times. Another must be to raise again the question of televising Parliament.

The First Report from the Liaison Committee on the workings of the Select Committee System noted the other day: "We must place on record the conviction of most of us that the work of select committees would not be damaged, and might be considerably enhanced, if it took place with television cameras present."

That committee was not competent to make recommendations on the televising of Parliament as a whole, but it does in its way speak for the more than 300 Members currently engaged in select committee work. If that is how they feel, it must again be time to seek the opinion of the whole House. Certainly by now there are enough television channels and enough television time available. "Yesterday in Parliament" would be an ideal breakfast show.

Finally, a word about Mr Thomas. He has been, by general agreement, an outstanding Speaker and needs no further praise. He is not standing at the next election and would probably like to go before. But there is no agreement on his successor and he has been under great pressure from both main parties to stay.

It seems to me that it would be wise to settle the succession soon. The new Speaker could then stand more or less unopposed at the election. If that does not happen, there is a danger that the new Parliament—which may very well be bungee without a Speaker and may find it much more difficult than now to agree on an appointment. It is partly thanks to the present Speaker that the House of Commons today is as civilised as it is.

Stationery Office, 7/10.

Lombard

Social return on overseas flows

By John Plender

ARE BRITISH institutional investors becoming socially conscious without realising it? That rather implausible question is prompted by a simple but revealing chart produced at a Financial Times pensions conference this week by Mr Dugald Eadie of brokers Wood Mackenzie.

Following a pungent speech by TUC general secretary Mr Len Murray, in which the pension funds' penchant for overseas investment was singled out for attack, Mr Eadie proceeded to demonstrate that the return on the pension funds' investment in overseas securities since the abolition of exchange controls had been significantly less than that on British equities.

In the narrow sense this could simply be taken to mean that the fund managers got it wrong. And Mr Murray might well use it to support his contention that institutional investors are far too depressed about prospects in British industry. But the great financial exodus could, with the benefit of hindsight, be said to fit very neatly the description of intelligent social investment.

Here, after all, were the institutions investing at well below the return available on common or garden British ordinary shares. And the wider effect of their actions was socially beneficial because of the effect on sterling.

At a time of high unemployment, overseas investment may sound unpatriotic; but it nevertheless represents a coherent strategy to cope with a current account surplus on the balance of payments which topped £6bn in 1981 and £4.6bn in 1982.

Those surpluses have to be compensated for on the capital side of the account if the overall balance of payments is to balance—the arithmetic must always add up to zero. The only real question is whether the authorities offset current account surpluses by building up the reserves, or leave the private sector to do the job instead through direct and portfolio investment overseas.

For Labour and the TUC to complain about the outflow when it believes sterling to be overvalued is, in fact, perverse. Without it the pound would rise even further, so intensifying the squeeze on domestic profits and jobs.

A more credible criticism for Labour to make would be that the Government's policy of privatising the reserves (which is a convenient way of looking at it) has caused it to lose control of the capital outflow.

Pension funds may unconsciously have behaved in a 'socially responsible' way while the current account has been in surplus; but there is no guarantee that they will be similarly public spirited if the current account moves back into deficit. They may not repatriate funds at a convenient moment for the Government. Indeed if, as seems likely, the portfolio outflow continues regardless, it may well contribute to a downward sterling overshoot far beyond what shadow Chancellor Mr Peter Shore might wish to see.

Part of the purpose of removing exchange controls in 1979 was to equalise returns on capital by giving British investors a free choice of investments around the globe. At the same time it was hoped that the portfolio outflow would help mitigate the damage in the manufacturing sector while North Sea oil put temporary upward pressure on sterling. Yet it remains to be seen what financial return the investment outflow will bring.

When I put it to pension fund managers at the FT conference that poor short-term financial returns in overseas equities had nonetheless produced a wider social dividend, most looked bemused. Perhaps understandably so. Taking credit for this paradoxical outcome may be tempting—but it would make it harder to fight off Mr Murray's challenge for more social investment next time.

Letters to the Editor

Mobile telephone systems and future markets

From Mr D. Smith:
Sir,—In discussing the UK cellular radio position Jason Crisp (February 8) makes some assumptions which are without realistic foundation.

Let it be clearly understood that in deciding to adopt the 890-960 MHz band with 25 kHz separation between channels, and 1,000 channels, potential, the UK and France have conformed to the new standard agreed by the European PTTs for future mobile telephone systems. There does not exist anywhere in the world, however, a working system which uses this band. It follows, therefore, that any apparently proven system must be re-developed to meet the European standard. This would take time and it is very unlikely that the necessary development and test-

ing of both the infrastructure and the subscriber units could be completed in time for production to start by January 1985. As he says "Cellular radio systems take a long time to develop and involve a lot of complicated software."

The U.S. currently represents 50 per cent of the world market for mobile radio systems. There is reason to believe that it may represent an even greater percentage for cellular mobile telephones and it is this fact that seems to have caused so much excitement amongst British manufacturers. But who really believes that in this decade British industry with its cost structure can manufacture and sell into the U.S. a consumer product (for that is what it will be), against the intense competition of the Japanese and Americans themselves with the

tariff barriers that are likely to be erected against us? On the contrary, if the UK adopts AMPS it is we who shall become the export market for the U.S. and Japan. Our market will be flooded by imports with which we cannot compete and it is unlikely to be our present Government's policy to erect tariff barriers. Furthermore, failure to adopt a European system would inevitably mean that future developments in cellular radio would be American-based and, as with the aircraft and other industries, we end up by being an exporter of our expertise only.

D. A. D. Smith,
Philips Mobile Radio Management Group,
Meadowcroft,
Church Street,
Cheriton,
Combridge.

Channel 4 and the levy

From Mr R. Pearce:
Sir,—Chris Dunkley says (February 2) that the Treasury levy on ITV profits which was £50m in 1982 is likely to fall to less than £10m in 1983 as ITV profits disappear thanks to the Treasury had budgeted for this income in 1983 and is likely to try and recover the shortfall of some £47m from the taxpayer? If so then Channel 4 should either become ITV2 very soon or be scrapped altogether.

I compare this to a drama group which as long as it puts on Agatha Christie and Noel Coward will at least break even but try and put on one or two more modern or way out plays and the audience stays away. If the taxpayer is footing the bill then Channel 4 must do the same.

R. J. Pearce,
5 Marlborough Road,
Castle Bromwich, Birmingham.

Nightmare journeys by rail

From the Chairman,
Yorkshire Area, Transport Users' Consultative Committee.
Sir,—Mr Robert H. Foster (February 2) is on the right lines when he says that unless one is travelling to or from London, many rail journeys are a "nightmare" to plan and undertake.

This is particularly true of Inter-City travel between West Yorkshire and the Midlands, which has got progressively worse over the past year. Here there is also a distinct imbalance in the timetable. For example, the last through train from Leeds to Birmingham is the 15.58, whereas the last through service from Birmingham to Leeds departs at 21.13.

The journey between Leeds and Nottingham now involves changes at Sheffield (city of lost connections!) or Derby, and takes longer than in 1982. As for the fare structure, it is full of ludicrous anomalies. I cite just one: A first-class day return journey from Leeds to Derby costs £10.50, yet that to Nottingham (4 miles further) costs £19.50. Yet if you book a day return from Leeds to Sheffield (£4.08) and a day return from Sheffield to Nottingham (£5.80) you can save £8.65 on the direct booking from Leeds to Nottingham!

British Rail tells me that this is market pricing. I say it's market hubbub!
James Towler,
Record House, Bootham, York.

Unrelenting wars

From the General Secretary
Electrical, Electronic,
Telecommunication and
Plumbing Union

Sir,—Readers of John Lloyd's report (February 5) should not take too seriously his view "that the EETPU has waged an unrelenting and successful war against the Communist Party" since the evidence would show that it is the Communist Party that, for 23 years, has unrelentingly attacked my union and its elected executive council. Since it also relentlessly attacks any and every one who dares to disbelieve its current piece of dialectic nonsense, that should come as no surprise.

The reason that we defend ourselves successfully is because we consult our members and present alternative policies to the vicious dogma it preaches.
F. J. Chapple,
Hoyes Court,
West Common Road,
Bromley, Kent

Measuring the cost of drugs

From Mr C. Fell:
Sir,—Were it as you state in your leader (February 7) that the price of health service pharmaceuticals... has risen appreciably less than the rate of inflation... then all would be for the best in the best of all possible worlds.

The rate of inflation in the drugs the public uses as measured by the average net ingredient cost of a National Health prescription (calculated monthly by the Department of Health and Social Security) has for many years been about double the rate of increase in the retail price index. The confusion arises because the only index of drug prices published by Government statistical services is a base-weighted index of the output of the pharmaceutical industry, and is, to quote the head of the central statistical office, "inappropriate as a means for measuring changes in the average price of pharmaceuticals used in the UK; the average net prescription ingredient cost index does, effectively, adjust the composition of the 'basket' continuously and so serves the latter purpose better."

Suggestions made over the years to the DHSS and CSO that an official index of prescription prices should be published in the interests of an informed public opinion—have always been rejected.

Estimates of potential savings of £30m-£50m on the drug bill are based on existing generic patent drug usage patterns and take no account, seemingly, of the fundamental change in the

market which could arise were generic substitution of patent expired drugs to be permitted in the U.S. where generic substitution has been encouraged for some years the cost of prescribed drugs is now rising less than the general rate of inflation.

C. J. Fell,
Crown House,
Newport,
Essex.

Usually reliable sources

From the Chairman,
British Legal Association.
Sir,—Mrs Thatcher's Government appears determined to win the race against time with the late George Orwell.

The Lord Chancellor's Department is maintaining, or is to maintain, computer records on lawyers who may have the potential for all and even the most minor of judicial appointments, but these records are not to be open to inspection by lawyers. That secrecy is defended on the footing that, necessarily, the information to be derived about them will, not put too fine a point on it, come from gossip within the profession. One wonders why the task is not delegated to the Metropolitan Police. Similar records were kept of recent years, by police in an Australian state until judges discovered that they were included thereon and matters were brought to an abrupt halt.

In the circumstances I have no means of knowing (a) whether I am included on these records or (b) whether any information recorded is accurate. When this association

One of the most important things to consider when buying a truck.

Selling it.

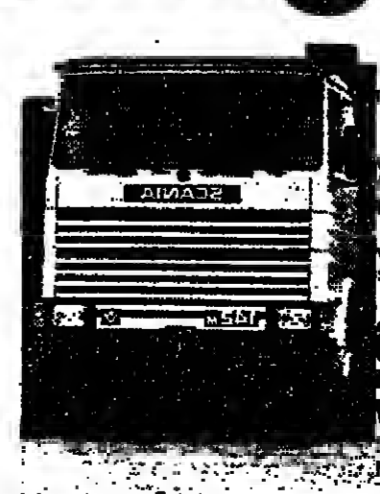
As long as a truck keeps its running costs down, it'll keep its resale value up. So the truck you buy should be researched, designed, developed and made to the most exacting standards created by men, computers and advanced technology.

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A Scania is. Not to mention being good enough to rate total sales and service support at home and abroad.

A Scania is. So while you're initially buying a truck to do a job, remember this:



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FINANCIAL TIMES

Friday February 11 1983

BELL'S
SCOTCH WHISKY
BELL'S

David Marsh in Paris looks at the Expol police equipment exhibition

Cashing in on the security business

"UNFORTUNATELY, yes, the market is in full expansion," says M. Christian de Moffarts, the Belgian organiser of a rather special industrial exhibition taking place this week in Paris. "Next year's show will be twice as big."

He is talking about security. The Expol police equipment exhibition - said by M. de Moffarts to be the first in Europe - enables an international selection of 120 specialist companies to demonstrate their wares and sometimes spine-chilling collection of wares to potential customers.

Their audience ranges from police chiefs, military forces, intelligence services and diplomatic missions to film stars and executives fearing kidnapping attacks. "Crime is a growth industry," says Mr. Loro Goldman, running a stand for the International Association of Chiefs of Police, which advises and trains police forces throughout the world. The association is based in Maryland in the U.S. and is considering setting up in Brussels.

"Unemployment is going up, crime is going up. That follows pretty close," says Mr. Per Malm-

beck, representing Motorola's communications division.

His company is exhibiting a sophisticated range of cigarette cartons, walkie-talkie radios, scrambling and surveillance devices, and portable, computerised data transmission systems - much used by the West German security services for checking data banks on suspected persons.

Motorola's compact radio systems for relaying written messages on a small electronic screen can be used by brokers on the stock exchange floor as well as by police forces.

High technology is one of the exhibition's keynotes. Visitors have their bags checked by X-ray devices and are submitted to ear-piercing whistles and sirens from demonstration equipment for patrol cars and alarms.

Items on show include CS gas sprays to fit, James Bond-like, in the front and rear wings of cars, laser hugging devices, automatic fingerprint processing kits, electronic telephone tapping detectors and high-resolution telescopes.

An historic counterpoint is provided for by Mr. Joe Bowman, a 57-year-old from Houston dressed in a

cowboy outfit, sporting spurs and six-shooters and offering cracks and self-defence instructions.

Mr. Bowman, who took up the art of shooting at the age of six and admits to being inspired by Roy Rogers and the Lone Ranger, says: "There's always a place for the Wild West - even in the electronic age."

The man at the Israeli Military Industries stand, one of several representatives from Israel, shows off sniper rifles, combat-tested in the recent Lebanese fighting - "a strong sales point."

Although sales to Europe have sometimes been hampered by the fear of damaging arms links with the Arab world, he says several important European governments have bought the rifles. The main markets are in Latin America - Venezuela, for instance - while he also hots et business with South Africa.

Latin America and the Middle East are also prime markets for the radar surveillance systems exhibited by the French Thomson-CSF group. Costing FF1.1m (\$346,800) apiece, they can be used by armies to detect, localise and identify all moving objects or persons in a 30 km radius.

Thirteen countries use the equipment, with a total of 400 ordered, including some by the French army, and 260 in service.

Exports are also big business for the Dutch BVDA company, which makes fingerprint equipment for the police and military and has doubled sales to about DF1.4m (\$1.5m) in the past 10 years.

It exports to 45 countries and has had particular success in the Eastern bloc. Rather gushily, the company's stand also sports as post-mortem kit.

Another exporter - British this time, based in Wiltshire - is Security Equipment Supplies, which has expanded business threefold or fourfold in the past two years, with 95 per cent sold abroad.

It sells diverse items like bomb blankets, explosive detectors and riot control equipment, as well as weapons, of course. The Middle East and Far East are prime markets - export licences for this type of sale to Latin America are difficult to come by in Britain, the company's representative said.

Selective International Sales, a Belgian company making high quality bullet-proof vests, has also shown fast growth. Mr. Frank Die-

pers, a director, says business has been built up from practically nothing during the past 18 months.

He claims to have sold \$500,000 worth of vests, made of 4mm thick rubber with two special fabric inserts, in the past two weeks. "We've won all the big orders on the market lately, although we don't make too much noise about it."

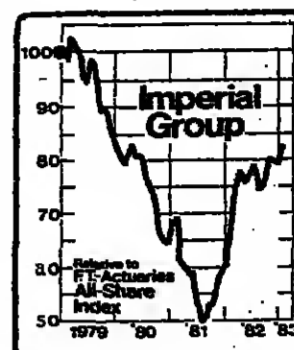
Most contracts are from governments - one country recently ordered vests for its embassies around the world - although sometimes individual policemen or soldiers buy them for extra safety.

Mr. Martio Tee, from the Antwerp-based Professionals company, which teams up with SIS to provide equipment like bullet-proof cars, dwells unpleasantly on the impact a bullet can have on internal organs - called "trauma" in the jargon - if the victim is merely wearing a standard bullet-proof vest rather than the \$250-a-time SIS brand.

Mr. Diepers' company also makes medical equipment, including hospital slippers, from which the metallic sole is derived. Customers can insist on testing the vests on Mr. Diepers himself, who has taken out a \$1m insurance policy.

THE LEX COLUMN

No extra coupons from Imperial



Gilt-edged look up the running yesterday as profits were taken on recent gains in the equity market. The whiff of easier money in the U.S., together with a more solid sterling exchange rate, have restored a measure of confidence to fixed-interest. But the equity party is not over yet. Unsuccessful punters in ABP should have their money back just in time to pile into next week's star attraction - Superdrug.

Imperial Group

Imperial Group confirmed its profits recovery yesterday, but seemingly refused to celebrate the event with the expected dividend increase. The reconstructed board is busy living down a legacy of over-distribution and will be happy enough to take on the chin yesterday's 6p drop in the share price to 124p. At that level, the yield is 8.7 per cent - which should satisfy most income funds.

Dividend cover has risen from 1.7 to 2.2 times on a historic cost basis after stated tax and there is full current cost cover. But last year embraced some exceptional reorganisation activity, as the food division in particular shed its dud performers. All these companies departed at a hefty book loss, leaving extraordinary charges, after additional provisions for regrouping in the tobacco division, at £26.8m - enough to chip away all retentions. Even so, the dividend payment required a small transfer from reserves.

The greater efficiency on trading efficiency has borne fruit with a 46 per cent increase in pre-tax profits to £154.3m for the year to October. The ruthless pruning of the poultry business was reflected in a boost in trading profits from £7.5m to £32.3m, but there was also an underlying 12 per cent upswing in the retained food activities.

The biggest improvement, however, came from Imperial's core tobacco interests, where the group's decision to sacrifice market share - down 3 per cent to 46 per cent - in order to push up prices and margins was reflected in a 22 per cent trading profit increase. Declining volume in the Courage breweries, down about 3 per cent in line with the industry, was offset by better returns from the take-home trade and the catering activities.

In the current year, the main worry remains the Howard John-

son hotel and restaurant division in the U.S. After a 24 per cent drop in profits last year, the company is still struggling with the recession. The group seems confident that it now has the U.S. problem in hand, and there is still potential for productivity-based margin improvement in U.K. tobacco.

With £40m cash from the divestments already flowing in, interest charges will be kept in check, and profits for the year could emerge at around £175m. At the same time, the balance sheet is strong enough to permit a new spate of acquisitions once the new corporate plan is worked out - perhaps a sufficient worry to keep the shares under some suspicion given the group's past record.

Lorbro

Falling commodity prices were always going to put Lorbro's 1982 profits under pressure, and the company blames them for most of the fall in its published pre-tax profits from £111.6m to £75.1m. Mining earnings are down from £40m to £18m, while £10m of sugar profits has been more or less wiped out. Lorbro's hearty appetite for debt is a self-imposed wound, with net interest payments rising some £18m to £74m.

The profits decline would have looked worse but for an accounting change designed to provide a "more meaningful" reflection of trading performance. The switch from closing to average exchange rates has depressed 1981 profits by £1m and is likely to have inflated the 1982 figure, though the extent has not been quantified.

Lorbro's past criticism of the House of Fraser for not raising its dividend is presumably the explanation for the subtle approach

adopted in cutting its own pay-out. The 1p on account for 1981 makes the precise year of reduction debatable; but shareholders will not take long to work out that a 10p total in 1980 has been mysteriously transformed into 9p for 1982. The pressures leading to the cut are evident. After the customary extraordinary debits, earnings emerged at a mere £2.2m, while the dividend absorbs £23.1m.

Shareholders' funds show few scars, however. A timely revaluation of hotel and property assets has been worth about £30m. Net debt has risen even faster, up from £429m to £580m, including confirming loans, emerging at 108 per cent of shareholders' funds, compared with 88 per cent a year ago. Small wonder that the company is now talking of calling a halt to its capital expenditure and investment programme, and looking to make disposals. Metal prices may now be galloping to the rescue, but the share price fell 6p yesterday to 88p, where the yield is 15 1/2 per cent.

Toys

The British toy industry seems to have no defence against the invading armies of foreign gadgetry. Consumer spending during the Christmas period was more buoyant than manufacturers could reasonably have expected and the industry should currently be financing only a very modest level of stock.

Yet Berwick Timpo announced yesterday that it was following the well-trodden path to the receivers and Mettoy launched an emergency rights issue at per to rescue a balance-sheet in which debt comfortably outweighs shareholders' funds.

Traditional toymakers failed to participate in the Christmas spending boom, which centred on white goods and electronics, while the increasing bunching of orders towards the latter part of the year has made it impossible to recover overruns in the early months. Berwick was already running £400,000 shy of its forecast of a 1982 loss of £1.3m when an additional £800,000 shortfall suddenly emerged from a subsidiary. By the time the bankers walked in on Wednesday, reported net worth of around £1m was supporting £2.5m of debt. The company has been operating in a very depressed market, but after the equally sudden appearance of prior year losses in 1981, it is hard not also to fault management controls.

UK urges change in U.S. export controls

By Paul Cheeseright, World Trade Editor, in London

THE UK Government is launching an intense but quiet campaign to foster changes in the U.S. system of using export controls as a foreign policy tool.

It wants an end to controls that seek to impose regulations on the conduct of companies domiciled outside the U.S. under pain of penalties if the regulations are not observed.

The UK is seeking to pull together an EEC approach. Its position is broadly the same as those of France, West Germany and Italy, all of which were affected by the pipeline dispute.

But formal British representation to the U.S. Government on the exact nature of the changes it is seeking to the Export Administration Act 1979 is under negotiation. Mr. Peter Roes, the Minister for Trade, will raise the matter in Washington at the end of next month.

Count Otto Lambdorff, the West German Economics Minister, is expected also to press the advisability of changes to the Act in Washington this week.

Mrs. Margaret Thatcher, the British Prime Minister, is understood to have told Vice-President George Bush on Wednesday during a London meeting that attempts by the U.S. to use its law for the control of British-registered companies, even if they have an American parent, is unacceptable. The law itself should be changed.

The Export Administration Act 1978, expires on September 30. The Act provides authority for the U.S. Government to control exports for foreign policy reasons.

But its accompanying regulations extend the controls to overseas subsidiaries of U.S. companies. They also cover the re-export of U.S. equipment to countries on which the U.S. has placed trade embargoes. The Act covers technology sales.

Use of the Act last year by the Reagan Administration caused bitter dispute in Nato. The U.S. sought to stop the sale by European manufacturers of equipment based on U.S. technology, to the Soviet Union for the Siberia-West Europe gas pipeline.

The British campaign is directed towards revision of the Act when it emerges in a new form during the autumn.

It reflects persistent concern about the propensity of the U.S. to extend the stretch of its law outside its borders: the issue of extraterritoriality.

Background, Page 4

IMF and OECD see strong British current account surplus

By MAX WILKINSON AND ROBIN PAULEY in London

BOTH the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD) have forecast another year of substantial surplus for the UK current account in 1983.

This contrasts strongly with the Treasury's last published forecast - now believed to have been sharply revised - that the surplus would vanish this year.

The Treasury's forecast to November is thought to have been a major reason for the 11 per cent decline in the foreign exchange value of sterling since its publication.

The IMF yesterday forecast a UK surplus of £4bn (£2.6bn) in 1983. This is a decline of £2bn from the actual 1982 surplus, and helps to explain why the unpublished IMF forecast, preselected as background

material for this week's meeting of the IMF interim committee, is for only 1 per cent current growth this year.

The OECD forecast, calculated on the basis of latest 1982 exchange rates, is for a slightly stronger performance at home and overseas, although Britain's competitive position is still seen as too weak to allow any strong recovery, even if world trade grows quite strongly.

Growth is put at 1 1/2 per cent, and the deterioration in the current account at 1/2 per cent of GDP - about £1bn, against the IMF projection of a £2bn decline.

Fund officials have been told that the British Treasury has meanwhile revised its own forecasts, in the light of the unexpectedly strong current account in the last quarter

of 1982 and the improvement in competitiveness.

Its next forecast, which will appear with the Budget on March 15, could show real growth of 2 per cent and a substantial current account surplus.

The main points of the forecast to mid-1984 include:

- Unemployment continuing to rise to 14 1/2 per cent of the workforce
- Inflation sticking at about 6 1/2 per cent in 1983 and 6 per cent in 1984
- A further loss of Britain's share of export markets
- Worsening current account balance of payments
- No recovery at all in productive investment or exports between now and mid-1984

OECD report, Page 6

EEC threatens to end farm talks with U.S.

Continued from Page 1

the sale of U.S. wheat flour to Egypt, which has effectively robbed the Community of one of its largest purchasers of wheat flour.

Commission officials were outraged about the timing of the U.S. sale and about the price given to the Egyptians - \$155 per tonne or \$25 per tonne below current world levels.

Officials believe that the world price will be pulled down by the U.S. sale and that the consequent costs of subsidising the EEC's own wheat flour exports would be substantial.

The two sides are committed to try to reach an understanding which would reconcile the Community's need to continue subsidising the export of its farm surplus with the U.S. desire to expand its farm exports at prices which are not depressed by the EEC's subsidy policy.

The U.S. agricultural sales drive aimed at selling off subsidised

stocks at only marginal cost to the Federal Government has now, according to U.S. Treasury officials, exhausted current aid funds available for subsidising such sales.

In addition to deals with the six countries that the EEC considers its own export preserves, the U.S. is negotiating blended credit sales to Brazil, the Philippines and Mexico, with the latest deal for Mexico alone worth some \$600m.

The planned U.S. deals with the EEC's traditional customers dwarf the controversial \$117m sale last month of subsidised U.S. wheat flour to Egypt, and it is reported that the U.S. is now planning a follow-up sale to Egypt of 25,000 tonnes of butter.

The only concrete result to emerge from yesterday's talks - the second round of high level negotiations begun in Washington last month - was agreement to produce a joint report.

Japan export talks stall

Continued from Page 1

demanding withdrawal of anti-dumping charges against VTR manufacturers and cancellation of French measures requiring all VTR imports to be cleared through the central French customs post of Poitiers.

The EEC Commission lacks the authority to take either of these steps but has been hoping to play the role of go-between. Withdrawal of the anti-dumping charges against Japanese exporters would have to be agreed by Philips of the Netherlands and Grundig of West

Germany, which brought the actions against Japanese VTR imports last year.

Before yesterday's impasse, there had been signs from the Japanese side of a willingness to consider voluntary restraint on the exports, specifically of certain machine tools and TV tubes.

EEC and Japanese negotiators will meet today in joint session with Canadian and U.S. trade officials, including Mr. Bill Brock, the special U.S. trade representative, to discuss general economic matters.

Cut in oil prices 'inevitable'

Continued from Page 1

ing of oil ministers from the Gulf countries was that they were already busy discounting. Kuwait has several times denied reports that it has sold oil at a discount to Japanese companies.

Sheikh Yamani claimed yesterday that the price of North Sea oil had in fact already fallen, "but it is not yet official."

Plans for a reduction in North Sea prices are being frustrated by industry disagreements over tactics and differentials which are charged for various types of crude. It now seems unlikely that the UK state-owned British National Oil Corporation, the main trader of North Sea oil, will be in a position to recommend a new base price before early next week.

Within the industry it is thought that UK contract prices will fall from \$35.50 to about \$30 a barrel - more than \$1 above the present spot market rates - but BNOOC has still to decide whether or not to recommend a single or phased reduction. If it opts for the second route, prices could fall by between \$2 and \$2.50 backdated to February 1 and by a further \$1 to \$1.50 in a few weeks when Opec's position has become clearer.

It is known, however, that a number of companies are anxious to use the present price adjustment to realign the differentials charged. It is understood that some buyers have told BNOOC that the price of oil loaded into tankers rather than pipelines - crudes produced from such fields as Beryl, Fulmar, and Mootrose - should be reduced.

But there was an unpleasant sting in the tail for the Government towards the end of the long debate.

By a majority of 53 (275-222) the Synod approved an amendment from the Rt Rev Hugh Montefiore, Bishop of Birmingham, calling on all countries and Nato to forswear the first use of nuclear weapons in any form.

The Nato position, endorsed by Mrs. Thatcher, is that it would not start an attack with nuclear weapons but it could not renounce first use of them if it was essential to repel an aggressor.

The amendment, which relates to battlefield nuclear weapons, says their use could ever be morally justified because of the risk of escalation to full-scale nuclear war.

Mrs. Thatcher can, however, take comfort from the main vote of the day which was on an amendment from the Rt Rev John Baker, Bishop of Salisbury, chairman of the working party which came out in favour of unilateralism.

His amendment calling on the Government to adopt a phased policy of unilateralism was rejected by a majority of 228 (338-100). A large number of the 53 bishops were present but no more than six voted in support of the unilateralist case.

HK monument to money

Continued from Page 1

HK\$2bn (\$303m) mark, and nosing towards HK\$3bn. So, say HK\$4bn - as a highly unofficial guestimate - for the physical building, at projected 1985 completion prices. Allocate a notional financing charge, and the expense of temporary relocating after demolition of the old building in 1981. Imagine a value for the ancient and peerless Hongkong Bank site (Bank Street, Hong Kong), said by experts in Fung Shui - Chinese geomancy - to be the most favourable in the colony, and juggle with an all-in value, or price, somewhere north of HK\$50bn (\$909m).

It is the vaguest of guestimates, but it has captured the popular imagination of Hong Kong. It works out to almost HK\$3 per bank share, or three times the bank's 1981 declared profits. The best does not come cheap.

World Weather

Snow Report

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SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Friday February 11 1983

TEAMWORK IN CONSTRUCTION,
ENGINEERING, DESIGN, ENERGY
AND HOMES-WORLDWIDE.
**TAYLOR
WOODROW**

Cii Honeywell Bull to take control of information group

BY DAVID MARSH IN PARIS

CII HONEYWELL Bull, the French state computer group, is expected soon to take control of Transac Alcatel, the specialised information subsidiary of telecommunications company CIT Alcatel, as part of the Government's plans to restructure the office equipment industry.

The agreement between the two companies is planned to be signed soon, although price details have not yet been fixed.

The deal is one of the key components in a series of complex moves to strengthen the French electronics sector against the might of U.S. and Japanese competition.

CIT Alcatel has been negotiating for some months with Olivetti - in which the French state holds an important stake, primarily through the nationalised Saint Gobain group - about a possible link-up in electronic typewriters.

As part of the Transac transfer, the telecommunications group plans to sign a cooperation accord with Cii-Honeywell Bull over collaboration in the office equipment sector.

CIT Alcatel believes that the two companies share much common ground in the fast-expanding "automated office" area. Executives develop the theory that CIT Alcatel approaches the sector from the telecommunications standpoint while Cii-HB looks at it from the computer point of view. There is a similar "complementarities" they say, in the two companies' approaches to office systems as those followed by AT & T and IBM in the U.S.

Transac has a turnover of about FF 500m (\$72.5m) with subsidiaries in Belgium and West Germany.

Its activities include commercial data transfer and information systems and automatic banking machines such as bank-note distributors.

Cii-HB is one of the prime beneficiaries of the package of government funds for nationalised industry announced on Wednesday. It received FF 1.5bn this year in capital injections.

With an equity capital previously of FF 600m - dwarfed by estimated losses of around FF 1.3bn last year and FF 5.5bn of debt - it is one of the most seriously under-capitalised companies in French industry.

Cii-HB already announced a major restructuring of its activities at the end of last year, setting up four main operating subsidiaries in data processing, peripherals, mini-computers and office automation.

The takeover of Transac will add considerably to the office automation division, which also includes micro-computers and terminals.

In another transfer between state companies, the computer group took over at the end of last year from the Thomson conglomerate the SEMS minicomputer company, confirming the importance being given to Cii-HB as the Government's main "pole" in the information sector.

● Bouygues, the French construction company, has announced consolidated net group profits of around FF 285m for 1982, compared with FF 218m in 1981.

The profits, slightly above the expected figure of FF 260m announced last autumn, were made on turnover of FF 13.8bn, up 31 per cent on 1981.

Krupp increases sales despite fall in orders

BY JAMES BUCHAN IN BONN

FRIED. KRUPP, the diversified West German industrial group, started the new year with orders in hand down 3 per cent after a sharp drop in orders booked in 1982.

The group began 1982 on a wave of orders for industrial plant and machinery, but saw orders booked to the end of the year drop 15 per cent to DM 16.2bn (\$8.75bn) against DM 19bn in 1981. Caught between weak internal demand and a sharp drop to export business in the second half, Krupp saw orders for industrial plant fall 40 per cent to DM 3.8bn. Foreign orders overall dropped 45 per cent to DM 5.5bn.

Orders fell in all main divisions except trading and services, registering a 7 per cent rise. The result was that 1982 began with orders in hand down 3 per cent to DM 13.7bn.

The 1981 order boom worked through, however, to a hefty increase in revenues in 1982, up 13 per cent over 1981 to DM 16.7bn (excluding intra-group). "Considerable losses" in the steel division, because of the collapse of production in the

second half, will influence earnings although the other divisions turned in generally positive results, the group said.

With capacity use at the steel division, Krupp Stahl, as low as 50 per cent by the end of last year, the group is now vigorously pursuing merger possibilities with the steel activities of Thyssen, as part of a larger plan for the restructuring of the badly troubled steel industry.

Krupp also disclosed that its shipbuilding subsidiary, Weser AG, which saw orders booked drop 60 per cent to DM 330m in the course of the year, was also a candidate for merger as a way out of the structural crisis of its industry.

A bitter disappointment was the order intake in the mechanical engineering division, which was down 15 per cent on 1981 at DM 2.3bn. The chief reason was the weakening demand for engines in certain oil-producing countries under the impact of falling earnings from oil exports.

Setback for U.S. oil service group

By Paul Betts in New York

SCHLUMBERGER, the large oil services and precision instruments company, reported yesterday a 13 per cent decline in its fourth quarter 1982 earnings to \$311m from \$358m in the same period the previous year.

But earnings for the full year rose by 6 per cent to \$1.33bn from \$1.27bn in 1981.

Schlumberger's revenues declined by 7 per cent from last year's fourth quarter to \$1.51bn but increased by 5 per cent to \$4.28bn for the whole year compared with 1981.

Mr Jean Riboud, company chairman, said 1982 performance was "reasonably good" considering two major factors had a depressing impact on Schlumberger's business.

One was the year-long recession in North American oil field drilling. This was compounded by a softening of oil field activity, the company said, which was evident first in South America and later last year in Africa and Europe. Revenues from this part of the company's business increased by 7 per cent to \$4.06m last year compared with 1981.

The other factor depressing company performance was the recession in the U.S. and Western Europe which affected the results of all Schlumberger measurement, control and components operations, especially those of Fairchild Camera.

Getty loses interest in Norway's oil

By Fay Gjester in Oslo

GETTY OIL of the U.S. has announced that it is no longer interested in oil and gas exploration on Norway's continental shelf. Exploration on the one block where the company has a licence stake has failed to find hydrocarbons in commercial amounts, and Getty says Norwegian tax and concession rules are so tough that "there are more attractive opportunities elsewhere."

It will fulfil well programme obligations on block 35/8, where it has a 20 per cent stake, but will not apply for new areas in future licensing rounds. Its Bergen office with a staff of eight, will be closed, but it will retain a representative in Oslo.

Sources here point out that tax and concession terms in Norway have not changed since last year, when Getty was among the unsuccessful bidders for stakes in new licences offered in the Trane Bank area, north of the 62nd parallel. Other factors - possibly falling oil prices - must have influenced its decision.

LUXEMBOURG'S FEARS OVER BANCO AMBROSIANO AFFAIR PROVE GROUNDED

Grand Duchy's assets continue to rise

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, RECENTLY IN LUXEMBOURG

MIR WOELLE blühte wie mir sin - we want to stay the way we are.

This is Luxembourg's national motto and its largely foreign banking community has succeeded in doing just that, despite the trauma surrounding the default of Banco Ambrosiano Holding late last summer.

At the time, the Ambrosiano affair seemed likely to inflict severe damage on Luxembourg's prospects as a banking centre. The authorities refused to stand behind Ambrosiano's debts on the grounds that it was a holding company registered in the Grand Duchy and not a bank. Yet this served only to point up the fact that Luxembourg, which accounts for roughly 10 per cent of total Euro-currency assets, has no central bank that can act as a lender.

"We were afraid at one time that Luxembourg deposits would go to New York or to an old-established financial centre like London - that some of our customers would lose faith," says Mr Constant Praet, general manager of Kredietbank Luxembourg.

Those fears proved groundless. Total assets of the Luxembourg banking community continued to rise last year. Employment in the banking sector rose by 550 - the largest increase since 1969 - the

Grand Duchy is enjoying a quiet boom in banking profits. Senior bankers estimate that operating profits (before tax and provisions) rose by more than 50 per cent last year from LuxFr 37bo (\$775m) in 1981.

How was this possible? Depositors quickly realised that the absence of a central bank matters little in a centre where most banks are subsidiaries of giant names based in OECD (Organisation of Economic Co-operation and Development) countries. Under the Basle agreements on banking supervision, the monetary authority of the parent bank would have to assume ultimate responsibility in the case of problems in Luxembourg.

This did not happen in the case of Ambrosiano because of the unusual holding company structure of its operations. As similar holding companies, controlled by other Italian banks, are being wound down parrot banks in Italy have been told by the Luxembourg authorities to guarantee the debts of their Luxembourg holding companies.

Luxembourg has always been a banking centre where business concentrated on leading to industrialised countries so it has been less affected than other banking centres by the debt problems of developing countries. As a result, its banks

KEY LUXEMBOURG BANKING FIGURES (Lux Fr bn)					
	1981	1982	June	Sept	Oct
Total assets	5.08	6.18	6.05	6.07	6.11
Capital (Fr m)	190	214	222	228	228
Interbank liabilities	3.55	4.42	4.23	4.34	4.37
Customer deposits	1.01	1.13	1.18	1.24	1.25
Interbank assets	2.55	3.15	3.07	3.09	3.12
Lending to non-banks	1.95	2.31	2.25	2.30	2.32

* includes share capital, borrowed capital, reserves and provisions
Source: Luxembourg Banking Commission

have little difficulty attracting deposits from the interbank market. Luxembourg banks' interbank deposits stood at LuxFr 4.37bn last October compared with LuxFr 3.65bn at the end of 1981.

Profits have risen sharply for several reasons. Margins have increased on international lending, a greater proportion of bank deposits is now coming from private customers - who receive less interest than other banks - and Luxembourg benefited from the boom in the bond markets last year.

These factors should help Luxembourg's 115 banks notch-up even higher profits in 1983, but underlying this are some significant changes stemming more from the generally poor climate in world banking than from the particular problems of Banco Ambrosiano.

Senior bankers in Luxembourg

believe that the interbank market, on which Luxembourg banks still rely for about 70 per cent of their funds, is now stagnating. Figures from the Bank for International Settlements showed a worldwide rebound in interbank business during the third quarter of 1982, but the Luxembourg bankers say that fourth-quarter figures will show a stagnation or even a contraction in the wake of the Latin American debt crisis.

Meanwhile the banks are being bolstered by Luxembourg's very generous provisions policy. This allows banks to set aside most of their operating earnings against bad and doubtful debts and reduces their tax liability. Deutsche Bank's Luxembourg subsidiary, for example, declared zero net profit for its latest year to end September 1982 but made provisions of LuxFr 7.2bn.

It may well be argued that these large provisions only add to Luxembourg's reputation for cautious banking and enhance its attraction as a banking centre, yet they also offer banks the added advantage of a gain in operating profits over the short term.

Provisions are, in practice, little more than an interest-free deposit, which can be used to increase a bank's overall interest margin. The question now being asked by many bankers is what will happen when the time comes for them to be unwound.

This will occur in one of two ways. Either the doubtful loans, which have been provided for, will indeed turn sour, and the provision will be used to cover the loss and the opportunity for using it to generate extra profits will disappear; or the doubtful loans will be repaid, and the Grand Duchy's tax authorities will claim massive payments of deferred profits tax (which stands at about 50 per cent).

Some bankers already foresee a big argument over this point in three or four years. For the moment, however, the large operating profits being declared by Luxembourg banks overstate their true earnings capacity, just as the small net profits (after tax and provisions) understate them.

Reynolds expects downturn

By Richard Lambert in New York

R. J. REYNOLDS, the giant U.S. tobacco group, expects that tough economic conditions and the doubling of the federal excise tax on cigarettes may adversely affect its results in the first part of 1983.

But the group is increasing its share of the domestic market - it now claims 33.5 per cent of the U.S. tobacco market - and thinks that its results will improve as the year progresses.

In 1982, Reynolds' sales rose by 12 per cent to \$13.1bn and its net earnings were also up by 13 per cent to \$844m, or \$7.32 per share. The increase stemmed from a \$100m arbitration award made by the Government of Kuwait in the second quarter concerning property rights which had been nationalised in 1977. This award added 86 cents a share to 1982's earnings.

Net earnings in the fourth quarter were marginally lower at \$176m. Sales rose by over a fifth in the last period to \$3.8bn, boosted by the acquisition of Heublein in August.

Operating earnings on the tobacco side rose by 6 per cent over the year, and accounted for 73 per cent of the total figure for the group. Unit volume in the U.S. rose by 1 per cent during 1982, thanks in particular to the growth of the Camel, Vantage and More brands, and selling prices were higher.

Atlas Copco earnings plunge by 38%

BY DAVID BROWN IN STOCKHOLM

ATLAS COPCO, the Swedish compressed air and hydraulic machines group, reports its preliminary results for 1982, its earnings drop of 38 per cent from SKr 570m to SKr 353m (\$47m) before extraordinary losses and appropriations, but after exchange losses of SKr 36m.

The company registered a net loss of SKr 23m on the sale of real estate in Sweden and the cost of plant closings in the U.S., Bolivia, Italy, Spain and Sweden. Unspecified appreciation of SKr 64m was added to arrive at the pre-tax profit figure of SKr 394m compared with SKr 542m in 1981.

Group sales rose by 6 per cent to SKr 7.9bn over 1981, but mask a drop in volume of 8 per cent. The company attributes this drop to generally weak activity in its major business sectors worldwide, particularly construction and mining.

Volume in Western Europe, which accounts for more than half of group sales, remained constant but dropped in all other markets.

Atlas Copco AB, the parent company, showed a loss after financial income and expenses of SKr 21m. Net profit after appropriations and taxes was SKr 153m.

The rate of return on total capital employed, excluding non-interest-bearing current liabilities, was put at 15.1 per cent compared with 19.8 per cent last year. Earnings per share dropped from SKr 12.95 in 1981 to SKr 7.65 for 1982, and the board will recommend that the dividend remain unchanged at SKr 6 per share.

Group liquid assets at year end grew from SKr 755m to SKr 1.1bn. Investments in plant and equipment were down 14 per cent to SKr 287m. During the year, the board approved a capital increase through a new share issue, which was bought by Volvo to give the motor group a 25 per cent stake.

These Notes having been sold, this announcement appears as a matter of record only.

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February 1983

Océ confirms strong return to profitability

By Walter Ellis in Amsterdam

OCEAN DER GRINTEN, the Dutch-based reprographics group, confirmed in its 1982 results a strong return to profit, which was signalled every three months last year. Earnings rose FF 43.3m (\$8.6m) compared with a loss of FF 1.9m in 1981.

Océid UK, the group's British subsidiary, which caused Océ management immense restructuring problems in 1981 and turned profit to loss, is now functioning soundly and contributed a FF 1m share of company earnings.

Sales overall increased by less than 1 per cent last year, to a value of FF 1.65bn, but the total is said by the company to have been depressed some 8 per cent by exchange rate losses. Photocopier sales remain the basis of Océ's success. Design engineering activities, centred on dye-line equipment, came under pressure over the 12 months from the weak investment climate.

Operating profit, at FF 124m, was 2 per cent up on 1981. One points to the effects of the strong guilder here, while observing that falling interest rates helped in the repayments of loans. The year's tax income amounted to FF 18.3m, against FF 24.8m in 1981, and this fall contributed to the level of net profit.

Signs of a deepening recession for the Dutch manufacturing industry show up in the results for the 1982 last-quarter. Sales were down 3 per cent to FF 428m, and the rising guilder made significant inroads into operating profit. Earnings, however, rose by 28 per cent, to FF 13.4m.

IRI expects record \$2bn loss

BY JAMES BUXTON IN ROME

IRI (Istituto per la Ricostruzione Industriale), the Italian state industrial holding company, is expecting to record even bigger losses for 1982 than it forecast only last October. Its debt is now very close to the level of its turnover.

The company, which controls a vast range of interests including steel, cars, telecommunications equipment and shipbuilding, puts its loss for 1982 at L2,800bn (\$380b) according to Sig Romano Prodi, its recently-appointed chairman.

In October, Sig Gianni De Michelis, the state shareholdings minister, forecast losses for IRI of

L2,476bn. Last year's loss, however, is less than the L3,134bn recorded in 1981.

The main source of the loss is, as usual, the steel sector, which is expected to have lost at least L1,400bn last year, and shipbuilding. In addition, the holding company has been hit by unexpectedly high finance costs, because of the fact that the Government paid up less than half the sum of L7,600bn promised last year in fresh funds. As a result, IRI's debt went up by about L6,000bn to L35,000bn at the end of 1982, not far short of its sales for the year which were estimated in October 1982 at L36,260bn.

Imasco lifts its third quarter performance

BY ROBERT GIBBENS IN MONTREAL

IMASCO, the Canadian tobacco products, food and retailing group 40 per cent owned by BAT of the UK, continues to beat the recession in both Canada and the U.S.

Third-quarter net earnings were C\$48.5m (U.S.\$39.3m), or C\$1.09 a share, against C\$37.7m, or 86 cents, on revenues of C\$700m against C\$563m.

In the first nine months ended December 31, net earnings were C\$126.5m, or C\$3.87 a share, against C\$98.1m, or C\$2.22, on revenues of C\$2,080m against C\$1,678m. Earnings per share reflected last November's two-for-one stock split.

Imasco's tobacco and food products business is mainly in Canada and its fast-food retailing operation in the U.S.

● Sun Life Assurance, Canada's largest life insurer, reported a steep fall to net income for 1982 to C\$79,000 from C\$73m a year earlier. Earnings were depressed by a substantial increase to actuarial reserve liabilities because of a sharp rise in annuity sales, mostly following the acquisition of Massachusetts Financial Services.

Sun Life's revenues rose 36 per cent to C\$3bn in 1982 while premium income rose 28 per cent to nearly C\$2bn. Total assets rose to C\$10.1bn from C\$8.8bn in 1981.

● Doña, Canada's second largest steelmaker, earned C\$63.8m or C\$2.63 a share in 1982 against C\$169.3m, or C\$9.08 a year earlier on sales of C\$1.5bn against C\$1.7bn.

Amax in red as demand and prices decline

By Our New York Staff

AMAX, the diversified U.S. mining group, made a net loss of \$244.5m, or \$3.96 a share, in the final quarter of 1982, compared with earnings of \$14m, or 13 cents a share, for the same period in 1981.

For the year as a whole, the group lost \$390m, or \$6.33 a share, compared with 1981 earnings of \$291m, or \$3.31 a share.

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THE MANAGEMENT PAGE

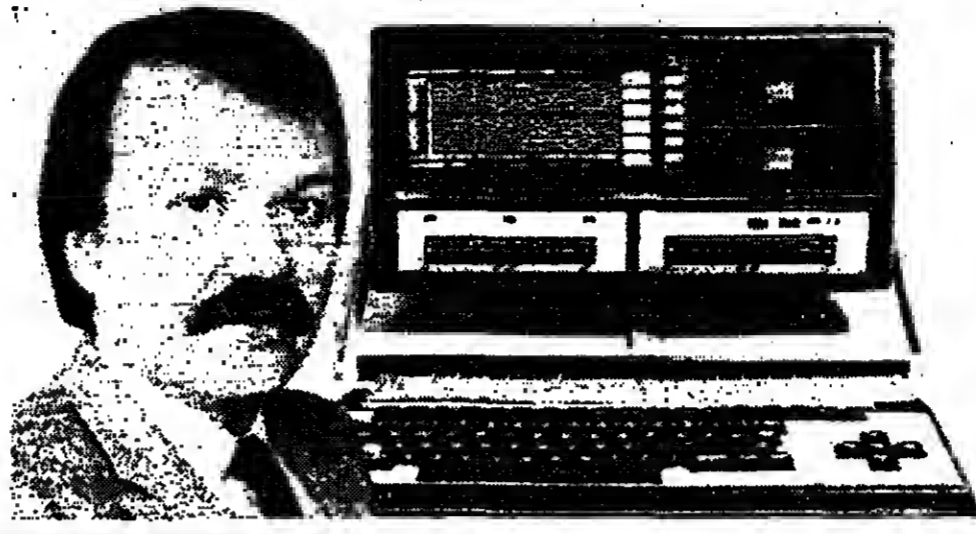
EDITED BY CHRISTOPHER LORENZ

Entrepreneurship in West Germany

Why Volker Dolch turned to the U.S.

Opinion is divided in one of Europe's strongest economies over the reasons for the dearth of high tech companies and shortage of equity funding.

Guy de Jonquieres and Stewart Fleming report



AT 38, Volker Dolch is a rare bird in West German industry—an entrepreneur in the high technology field of microelectronics.

According to Datquest, the U.S. electronics industry consultancy, his company, Dolch Logic Instruments, is the world's fourth largest producer of logic testing equipment. His products check and "debug" microprocessor circuitry, logic systems and software, rather than the manner of a vector using electronic equipment to examine the human brain. The three leaders in the field are all U.S. companies: Tektronix, Hewlett Packard and the Biomation subsidiary of Gould.

Dolch himself is convinced that the company he founded in 1975 would never have reached this exalted status in this highly competitive and innovative segment of the micro-electronics industry, no matter how good its products, had it not been able to escape from the suffocating embrace of the West German financial community—its bankers in particular.

"We could have got off the ground with finance from West German banks. But we would never have been able to raise enough equity capital to grow as quickly as you need to in order to stay abreast of the heavy guns in the microelectronics industry," he says with brutal frankness. "The German financial system puts minefields in the way of high tech companies such as ours."

To weave his way through these minefields Dolch has had to employ the same combination of imagination and native cunning which he has

applied to designing the company's logic testing equipment. Last August Dolch finally broke clear. In a successful bid to lock into the financing available in the U.S. equity capital market, but also in order to establish a high profile in a country which accounts for half the world market for logic analysing equipment, Dolch executed a neat reverse takeover.

The U.S. subsidiary which he set up in "Silicon Valley" in California in 1978 took

over the West German parent company, and then raised \$1.5m by selling 7 per cent of the group's equity to two venture capital funds.

Dolch was already familiar with the U.S. having for several years worked for Scanner Inc, which designed and marketed point of sale equipment for supermarkets. He also invented and patented point of sale equipment. He returned to West Germany in the mid-1970s to work as a consultant in microprocessors and established his

own company in 1976. Dolch is already planning another equity issue for this year which should value the company at over \$30m. He is hoping that if the market is right in 1984, the company—which now has an annual turnover of DM 35m and had DM 1.5m profits last year—will be able to make its debut on the U.S. over-the-counter market.

"Venture capital in the true sense of the word just does not exist in West Germany," Dolch says. That is a statement which

is certain to raise a few hackles at the Frankfurt headquarters of the Deutsche Wagnis Finanzierungs-Gesellschaft (DWFG), literally translated the German Venture Capital Company, a body owned by a score of West Germany's leading banks and supported indirectly by the Federal Government.

Back in 1979, in an effort to get the capital he so badly needed Dolch went to the DWFG. In order to get DM 1m of equity he had to sell 50 per cent of the stock in his

company to DWFG and promise to stamp up a matching DM 1m over the next few years, a burden which could have extinguished the entrepreneurial flair of a businessman more concerned with making himself rich than Dolch.

He says today that he would not have taken the step were it not for the fact that he also secured an option to buy the stake back from the DWFG in four years. This option proved to be a lifeline. It enabled Dolch to repay the

loan, recover the equity and float the company on the U.S. venture capital market with an issue which valued the group at almost DM 50m. DWFG is left with a meagre 1.9 per cent stake in Dolch, he says.

But in Dolch's view the lending officers of the West German banks are both ignorant and afraid of lending to companies operating in high tech fields.

"When I talk to bankers in the U.S. they have an amazing knowledge of the microelectronics business. In a way it's not so surprising because any normally intelligent person can easily learn to understand it," he adds. "But German bankers are not willing to open their minds. All they want to know about is what security they can have, what the tangible assets are worth, what the company's record looks like and if they can get a personal guarantee from me as an owner even if the company is a limited liability concern. But unless you understand our 'know how' you cannot understand the assets of this company," he says.

Dolch is essentially a company whose success rests on coming up with new product designs. In West Germany one third of its staff of 150 are qualified engineers, 25 of them with first degree level qualifications or better. If Dolch is right then West Germany is going to have to pay more attention to its financing structures, including its stunted equity markets, if it is to nurture in a period of slow economic growth the new entrepreneurs it needs in high-tech fields.

Management abstracts

Barriers to product innovation at the research/marketing interface. A. F. Millman in European Journal of Marketing (UK), Vol 16 No 5.

Points to a need for collaborating between research/development and marketing in product innovation—but shows how differences in organisational structure, in training, and in working styles can cause difficulties; discusses how a "multi-disciplinary effort" can be set up.

Industrial design. P. Lawrence and others in Design (UK), September '82.

Explores, with short contributions from various interested parties, alternative ways of strengthening the role of industrial design: defining a discrete management skill called "design management," integrating design with strategy/tactics at all levels. Reports how named UK companies are following the lead of named European ones in trying to turn the humble kitchen sink into a piece of "systems furniture." The final article argues that the final place for designers is in the marketing department, not with R and D.

How to develop an investor relationship programme. A. I. Goldman in Financial Executive (USA), July '82.

Perceives benefits accruing to companies that promote stock-market awareness of themselves; suggests a programme of activities, eg seeking to increase demographic/geographic spread of shareholders, and describes qualities required in a publicist. Deadlines. T. Bentley in Computing (UK), September 16, '82.

After noting reasons for imposing deadlines on projects, discusses why deadlines may be unrealistic and/or ignored, and recommends ways to exemplify pitfalls; widens the angle to project control in general.

Is there a better way of dismissing executives? R. J. Burke in Cost and Management (Canada), July/August '82.

Looks at research into executive terminations, and finds that the act is characterised by deception and manipulation; sets out considerations in, and effects of, a termination decision (or its alternative); argues that when termination is badly handled, it damages the individual and the company image, warns that employers need "to clean up their act."

These abstracts are condensed from the abstracting journals published by Amhar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p; cash with order) from Amhar, P.O. Box 23, Wembley HA9 8DJ.

Venture capital struggles to get off the ground

Most German companies rely on equity for less than 20 per cent of their total capital, a much lower proportion than in the U.S. and Britain

WHY HAS West Germany—a country with a long tradition of small family-owned companies—failed to produce more entrepreneurs like Volker Dolch (see accompanying article), who have built flourishing businesses on the innovative application of microelectronic technology? Germans themselves differ about the answer.

Karl-Heinz Faselow, managing director of the Frankfurt-based Deutsche Wagnis Finanzierungs-Gesellschaft (DWFG), a financing consortium owned by 28 large commercial banks and backed by the federal government, blames a lack of initiative in industry.

German managers, he says, do not have the taste for risk and adventure which motivates many of their American counterparts to leave secure jobs with large companies and set up on their own. There have been few cases in Germany of management buy-outs, increasingly frequent occurrences in the U.S. and Britain, whereby a group of

managers acquire control of the business which they are running from its corporate owner.

Faselow believes that a radical change of attitudes will be needed before such practices become common in Germany. "We need a different climate to produce more entrepreneurs," he says. "The situation today results from policies dating back 20 years, and it will take many years to change it."

The DWFG was formed in 1975 to supply a broader range of financing for small companies than was available from the commercial banks, with their heavy emphasis on lending. But it buried its fingers initially by financing too many unsuccessful "start-up" companies. Capitalised at DM 50m, its annual loss was running at DM 12m by 1979-80, the year in which Faselow took over.

He has shaken up the DWFG's management structure and investment policy. Today, less than one-third of its investments are in "start-up" companies. The financing packages

which it offers contain a smaller proportion of straight equity and more loans and preference shares than in the past because Faselow says, the DWFG needs to generate a source of steady income.

Of the 14 companies which it financed last year, only two were involved in electronics or other new technologies. (The DWFG does not disclose details of its investment portfolio). By contrast, it is estimated that more than two-thirds of the \$1.5bn of new venture capital investments made in the U.S. last year were in technology-related companies. Almost all the money was in the form of straight equity.

Precise and reliable statistics about venture capital in Western Europe are hard to establish. But activity in Germany appears very limited, to judge by the results of a survey by the Venture Capital Liaison Office, an arm of the European Commission in Brussels. Late last year, it sent questionnaires to several hundred financial institutions in the EEC, asking them about the venture capital investments which they have made in the past two years.

Britain heads the list, with 41 institutions reporting 357 deals totalling £186m last year alone. In the Netherlands, 10 respondents reported 64 investments worth more than £140m, while 11 French institutions listed 74 deals amounting to FF 86m. Only two replies were received from Germany (one from the DWFG), reporting 18 investments totalling DM 28m.

Not everyone agrees with Faselow that Germany lacks budding entrepreneurs. Thomas Kuehr, a former DWFG executive who is trying to set up what he claims is the country's first U.S.-style venture capital fund, says that since news of his project got out, he has received about 10 proposals a week from inquirers seeking equity finance. Most are involved in electronics, biotechnology and chemicals.

Dr Alfred Prommer, who left Siemens semiconductor division 18 months ago to set up his own consultancy in Munich, says that he is advising about 15 entrepreneurs in technology-related businesses, some of whom have spun off from large companies like Siemens and Bosch. Most such start-ups, he says, are to be found in southern Germany, chiefly in Bavaria and Baden-Wuerttemberg.

Both men say, however, that Germany's financial system is not geared to provide the support which such entrepreneurs need. The problem is not a shortage of money, but a failure to identify promising new growth sectors and to understand that the financing requirements of small technology-related companies differ from those of the traditional manufacturing businesses which abound in Germany.

A number of German banks have set up special arms known as Kapitalbeteiligungsgesellschaften (capital participation businesses) to finance small companies, and money can also be obtained from a variety of federal and state support schemes to help cover the cost of investments.

But according to Kuehr, such schemes are flawed because they are designed principally to finance plant and equipment. They are not well suited to the technology entrepreneur, whose main need is to obtain working capital while he develops a new product, whose production he may well sub-contract to a large company.

Among the latter, Bernd Ertl, head of PM Portfolio Management, an investment

seeking initial backing of about \$15m for their planned fund, to be called Genes. But though they see plenty of investment opportunities in Germany, they expect to raise only a small proportion of the money they need from German sources. Indeed, the brochure outlining Genes' investment strategy is being printed in only one language—English.

A further problem confronts the growth of venture capital in Germany. It is the absence of a sufficiently vigorous stock market, which would provide a means for investors in successful small businesses to realise their gains by selling shares. Though shares of smaller companies are traded in Germany on an unofficial "telephone market," it is less well-organised and developed than the Over-the-Counter Market in the U.S. or London's Unlisted Securities Market.

Most German companies rely on equity for less than 20 per cent of their total capital, a much lower proportion than is common in the U.S. and Britain, and only about 450 companies are publicly quoted. Share ownership is dominated by the large commercial banks, which tend to view their equity holdings more as a method of security than as an interest in companies to which they lend money, rather than as a prospective source of capital gains.

So far there has been little pressure for change in this system from Germany's numerous small family-owned companies, many of which are reluctant to seek outside investors. "Most German family businesses find it extremely difficult to release equity," says Stephan von Wozdort of London-based management consultants BMG. "They would prefer to borrow until they're bankrupt rather than surrender control."

Some German financial experts would like to see radical institutional reforms aimed at creating a new equity market along the lines of the U.S. Over-the-Counter market. But others believe that there is considerable scope for meeting the needs of small companies within the existing system.

Among the latter, Bernd Ertl, head of PM Portfolio Management, an investment

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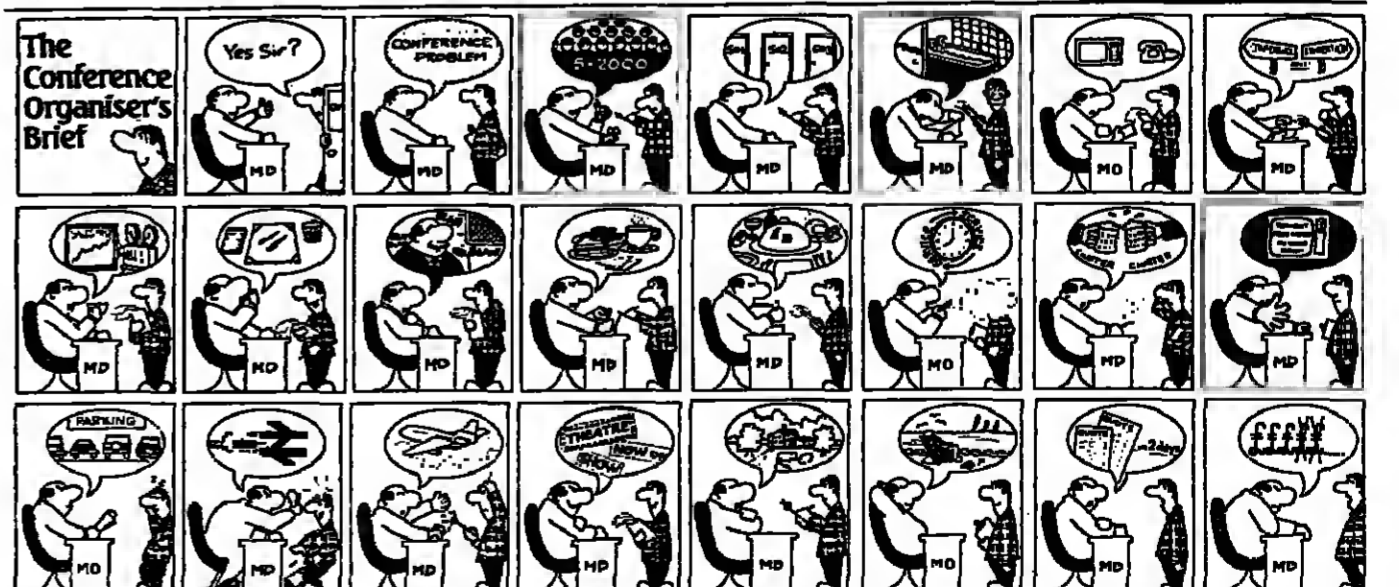
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Sea Slaves

The best feature of the year for the Lonrho Group has been the healthy resilience of many of the wholly owned trading subsidiaries, and their ability to sell and even increase sales against the background of recession.

Most difficult were the ultra-depressed commodity prices during the year, which affected sugar, platinum, palladium, nickel, coal and gold. This cut heavily into the revenues from the Group's major producers and the contribution from commodity based activities fell by some £34 million, which is virtually all of the reduction in Profit before Tax. Improved production and cost cutting took some of the sting out and I am glad to say that the current year already looks a lot better for commodities generally.

Your Board have given careful consideration to the final dividend. Our strong asset position and the prospects this year and beyond offer adequate encouragement to our wide interests, and the overall dividend of 9p is therefore unchanged.

Lonrho's worldwide operations, employing 150 thousand people, have had mixed results during the continuing depression. This year, in the United Kingdom, we avoided several thousand job cuts in Lonrho's heavy manufacturing, engineering and textile subsidiaries. Strength overseas has helped us sustain these companies, their management and men, and keep loss of jobs to a minimum. Some ailing companies show good signs of returning to profitability.

The recovery signs for the current year are strong, based on the improved precious metals prices, lower world interest rates and the improving performance of commercial activities. If these factors continue for the full year to September 1983, and barring any significant and unexpected movement in the major trading currencies, I have every hope of reporting profits for the current year of over £100 million.

The Group's balance sheet remains strong with net assets per share of 205p. Gross assets have increased by £100 million to £1.78 billion; total net borrowings, excluding those from confirming businesses, are 50 per cent. of total assets employed; the increase in borrowings is due mainly to new investments of £55 million and capital expenditure of a further £90 million. The principal acquisition was the half of Princess Properties which we did not already own. Capital expenditure includes the cost of increasing gold and platinum production and of completing extensions for the Princess and Metropole Hotels. Except for our valuable interest in Eastern Gold Holdings all our major capital projects are now completed and income producing.

Mining

Metal prices were very weak during the year but higher output helped. Total Group gold production was increased from 382,000 ounces to 406,000 ounces. We also raised platinum group metal output from 134,000 ounces to 157,000 ounces. However, this extra platinum production did not reach the market as saleable refined metal until early in the current financial year and therefore did not affect last year's profit.

Now that expansion programmes have been successfully concluded, we should enjoy the full benefits from increased gold mining operations and from the expanded platinum facilities in the current year.

Provided the marked improvement in precious metal prices since August 1982 is sustained, the higher output levels should come through significantly. There are large tonnages of chromite available as a by-product at negligible extra cost from the new platinum reef now being worked. Feasibility studies for its sale are encouraging, even assuming current depressed market conditions and selling prices.

Our subsidiary's 36% interest in the development of Eastern Gold Holdings, with the Anglo American Corporation, is important to the future of our mining division. The mine, when in operation, is planned to produce about 400,000 ounces annually. Bituminous coal sales were maintained at last year's record level of 3 million tonnes and profits were reasonable. Anthracite, on the other hand, has been in over supply.

Your Company also continues to mine copper and nickel.

Agriculture and Ranching

The results of our seven sugar estates, which year after year have solidly contributed over £10 million to Group profits, have been affected by the severe fall in world sugar prices during the year and have shown a small loss. Every effort has been made by these estates to reduce operating costs and improved efficiency has resulted in a small increase in overall production.

"TURNOVER OF £3,000,000,000 SHOWS THE MAGNITUDE OF LONRHO OPERATIONS"

R.W. Rowland, Chief Executive



The Acapulco Princess—the world's leading resort hotel

In Malawi, our tea estates produced a good crop of over 4.2 million kilograms and returned to profitability. We have also diversified into growing coffee and macadamia nuts in that country.

Our farming company in Zambia, Kalangwa Estates, had a successful year with the bulk of its profits coming from sales of irrigated crops, livestock and poultry, principally for the markets in the capital city.

In Kenya profits from the sale of wattle extract remain sound, despite a drop in overall production due to a fall in bark supplies from private growers. The wheat crop was well above average, but costs increased due to unseasonable weather at harvest time.

In Zimbabwe we ranch large herds of beef cattle, and also grow coffee, pine and wattle. During the year the Group sold 23,000 head of cattle, with the average total head being 100,000 head.

Lonrho and its subsidiaries are Africa's largest food producers, ranching and farming over 1.5 million acres throughout the continent.

Hotels

The Princess Hotels are now wholly owned by Lonrho. The Acapulco Princess group with its 2,000 rooms and 2 full-sized, championship rated golf courses is a magnificent tropical complex which is unchallenged as the best resort hotel in the world. The Princess Hotels were ahead of their major competitors in all locations except San Francisco.

The Metropole Group of hotels opened the Pembroke Hotel in Blackpool very successfully this year and we have kept our prime position in the United Kingdom conference and exhibition field. The 600 room London Metropole maintained 82% occupancy. The Group's tourist hotels in Africa and Mauritius are individually run, with a general policy of expansion and improvement.



The Metropole Hotel in Brighton

The Casino division has expanded and with the refurbishments which have taken place, is well placed to improve substantially its contribution to the trading profits.

Skytrain

Lonrho has formed a partnership with the energetic and original Sir Freddie Laker in a direct sales package holiday company, which began its marketing campaign just before Christmas.

Property

London City & Westcliff Properties and A.V.P. Properties, our property investment companies, have had a good year. Together with Lonrho, these companies own a diverse portfolio of commercial, industrial and residential properties in England and France, which have a current value in excess of £70 million. The gross rental income from these properties is over £5 million and has increased by 8% in the year.

John Holt Investments, the Nigerian investment and property company, achieved good profits for the fifth year in succession. The properties are increasing in value with the growth of Nigeria.

Department Stores

Lonrho remains a 30% shareholder of House of Fraser, Britain's largest chain of department stores. Our bid to take it over in 1981 was disallowed upon the recommendation of the Monopolies and Mergers Commission. Subsequently we applied to the Secretary of State for Trade and the Office of Fair Trading to be released from the undertakings which we gave at that time. Lonrho considers that all shareholders' interests will best be served by the demerger of the very profitable Harrods store from the House of Fraser group, which we have successfully suggested at a

shareholders' meeting of that company and which Lonrho is pursuing.

Wines, Spirits and Beers

Whyte & Mackay Scotch whisky had another successful year.

It continues to be the number one take-home brand in Scotland and sales volumes in the United Kingdom increased substantially.

In export markets, very satisfactory progress was achieved in France and Canada.

At Ashe & Nephew, turnover increased by 20% to a record of £60 million, through their 325 retail off-licenses.

In Bordeaux the wine shippers, Louis Eschenauer, and our vineyards, Châteaux Rausan-Segla, Smith-Haut-Lafitte, La Garde and De La Tour flourished, increasing

both turnover and profits in spite of generally difficult trading conditions. The 1982 vintage has been of exceptional size and current indications are that it will also be of good quality.

The Lonrho Group operates 19 breweries in partnership with African Governments and Municipalities. This year two new breweries will be opening in Malawi producing traditional low-alcohol, high-protein beer.

We hold the Pepsi Cola franchise in Nigeria where bottling plants at Kano and Kaduna sold over 6 million cases. We also hold the Coca Cola franchise in Zambia.

Textiles

Based at Cramlington in the United Kingdom, Lonrho Textiles' 'Accord' range continued to increase its market share and is the number two brand label in the bed-linen market. The Brentfords chain continued to expand and now has 60 shops and 60 in-store concessions.

Besco Baron manufacture domestic and industrial cleaning cloths and are making a useful contribution to the Lancashire based David Whitehead textile operations. The management services division of Whiteheads provide purchasing and consultancy services to overseas textile companies.

In Malawi, demand for David Whitehead local production of cotton cloth was generally strong throughout the year. The company continued to export within Africa and elsewhere. David Whitehead (Malawi) sold a record 34.9 million yards of cloth during the year, nearly a third of which was exported. A polyester cotton facility is being installed and also a waste-recovery plant. In Zimbabwe, David Whitehead increased production to over 21 million metres of cloth following an extensive capital expenditure programme.

Printing and Publishing

The Observer newspaper, which we have owned now for over a year, achieved second place in the quality Sunday newspaper market in the spring of 1982 and maintains this position with an average circulation of 835,000 copies.

Throughout the year, advertising and circulation facilities of our 26 provincial newspapers were affected by the persistent recession, and a review of both George Outram and Scottish & Universal Newspapers was undertaken, by which large economies were achieved. The Atlantic Richfield Company of California is a 20% shareholder in Outram.

The Glasgow Herald, the oldest established national daily newspaper in the English speaking world, celebrated 200 years of continuous publication in January, 1983. During 1982 Outram journalists won 4 Scottish Press Awards.

The profit performance of the Harrison Group since acquisition is most encouraging and augurs well for the future. During the year, Harrison & Sons printed 14 billion postage stamps for 120 countries and continues to be the main supplier of stamps to the British Post Office.

The financial and security printing companies have continued a planned policy of rationalisation and, following the investment by Daniel Greenaway & Sons in a new computerised photo-typesetting system, we have amalgamated Greenaway with Harrison & Sons (London), part of the Harrison Group, to form the largest Report and Accounts and security printers in the United Kingdom. This new company is called Greenaway-Harrison Ltd.

Results from Holmes McDougall were adversely affected by continuing cut-backs in local government budgets, and by a long inter-union dispute.

Stamp to commemorate The Mary Rose — by Harrison

Engineering, Steel and Manufacturing

Our group of engineering companies made a contribution to pre-tax profits for the year, all the more creditable because of the difficulties they had to overcome.

Hadfields achieved a remarkable turn-around from appalling losses to profit following the reorganisation completed in June 1981. Steel making productivity has improved by 48% per shift during the last 12 months. There have been a number of notable cost reduction achievements in the utilisation of gas, electricity and electrodes.

Firstel of Walsall is a market leader and an efficient producer of cold rolled strip. To counter the serious downturn in demand for coated strip in the home market, exports of coated strip were increasingly pursued in the year resulting in an increase in export sales of 200% over the average of the preceding 4 years. Lightfoot Refrigeration had a good year and secured sizeable export contracts for refrigeration equipment. Charles Roberts Engineering is currently supplying road tankers to the Ministry of Defence. N.D. Engineering returned substantially to profit during the year and completed several significant overseas contracts.

Our furniture companies weathered the financial year reasonably well. In August and September orders reached the highest level since the onset of the recession. Over the year as a whole performance in Homeworthy and T.R.F. Pland improved and Hopkinson maintained their strong market position. In Nigeria, outboard engines sold exceeded 10,000 units and 255 fibre-glass boats were built. The demand for small generators was strong throughout the year and sales increased by 21% to 29,800.



Luxury coach built in Zimbabwe

W. Dahmer, one of our most successful companies in Zimbabwe, attained exceptionally good results. The company is well established in the local market with sales of 303 buses and 203 trucks during the year. The new vehicles are designed within the company to meet local conditions and look likely to be a sizeable export for Zimbabwe. Our other engineering and manufacturing companies in Zimbabwe, Zambesi Coachworks and Critall-Hope, also performed well. In Belgium we have won a major contract for our exclusive 'Aqua pac' water treatment plant with orders from Cameroon and Nigeria.

Motors

Audi and Volkswagen car sales and MAN truck sales together reached 100,000.

At V.A.G. (United Kingdom), Audi and Volkswagen vehicle sales for the year were 100,000 units. This is approximately 6% of the car market in Britain and makes us the leading importer of European cars.

In the forthcoming year, we believe that sales of the new Audi 100 will be very strong, as it has just been voted 'Car of the Year', underlining the Audi team's wonderful rally results in England with the Quattro. As a contrast, the Dutton-Forsyth Group, which sells 5-6% of British Leyland's products, struggled on, 20,000 units being sold. Within the Dutton-Forsyth Group, Jack Barclay, the world's largest Rolls Royce and Bentley dealers, had slow sales and is seeking an improved understanding with Rolls Royce.



The Audi 100—Car of the Year in 1983

In those African countries where the Lonrho Group is established, we are agents and distributors for a very

varied range of motor vehicles and agricultural machines. Significantly profitable are the long-held agencies for Mercedes Benz, Toyota, Peugeot, Land Rover and the range of General Motors. In Nigeria a record 79,000 Yamaha motorcycles were sold.

Record sales of Yamaha motorcycles in Nigeria

Aircraft

We hold the Beechcraft franchise and sold 76 aircraft in Africa during the year. The Group owns or leases a total of 48 aircraft including 2 Gulfstreams and 2 Boeing 707's. Tradewinds Airways became the only all-freight jet aircraft operator left in the United Kingdom, with both British Airways and British Caledonian withdrawing from this market. Survival was Tradewinds' most conspicuous achievement.

Forwarding and Warehousing

We continue to be 50% partners in the long-established firm of Kühne & Nagel, the best known and largest European handlers and forwarders. With headquarters in Hamburg, Kühne & Nagel own a huge network of modern warehouses, port and freight terminals in Western Europe, Canada and elsewhere employing 10,000 people, together with their own offices in 80 countries.

Pipeline

Agreement has now been reached with the Governments of Zimbabwe and Mozambique on a long term tariff structure. Dr. Simba Makoni, Minister of Industry and Energy, stated in the Zimbabwe Parliament on 20 January: "this pipeline has demonstrated its versatility... in practice we have benefited much more from the use of this pipeline than we would by any other means. I would like to state categorically... this pipeline is an essential strategy to my programme of fuel transport".

The pipeline took 5 years to negotiate, 2 years to build through Mozambique and we started to pump in February 1965. After 10 months, we closed the line in compliance with the British Government's sanctions against Rhodesia. Your Company then had to maintain the pipeline for 15 years. After the independence of Zimbabwe, we were asked to recommission the line and to pump refined products rather than crude. We commenced pumping on 19 June, 1982 after investing some U.S.\$20 million in its rehabilitation.

Export Confirming and Broking

International finance by Balfour Williamson was affected by the stagnation of the economies of many countries with which it deals and the company therefore embarked on a cost cutting exercise.

The volume of exports sustained by John Holt to West Africa continued at the same level as for 1981, although towards the end of the year the downturn in Nigeria, because of the drop in oil sales, began to affect orders received.

On a weak international market, our cotton broking firm, Baumann Hinde & Co., traded 45,000 tonnes.

Oil Exploration

Lonrho, in partnership with Atlantic Richfield and Amoco, are participants in an oil exploration programme offshore Morocco covering a 1.1 million acre concession. The first drilling test started in July 1982. A second test was begun in January 1983. Further joint venture operations are under negotiation.



Offshore oil well, Morocco

Conclusion

1981/1982 has had its disappointing side; four major commodities mainly accounted for the difference in this year's results. Almost all our other operations were able to hold or improve their position. We cannot dictate commodity prices, some of which are showing good recovery and this year's unusual results gave us an opportunity to take a very hard look at the return on assets and the condition of individual businesses and to consider disposals. Turnover for the year of £3,000,000,000 shows the magnitude of your Company's operations and although I am strongly mindful that the year's profits do not measure up, overall the Company is in very good health.

The recent death of Sir George Bolton, K.C.M.G., was an immense loss to this Board. His forthright guidance was a constant source of inspiration to all of us and we miss him very much.

Your Board, management and employees here and overseas have applied themselves with vigour to every aspect of Lonrho's business, with great hopes of profit improvement and better times in 1983.

Yours sincerely,
Tim Rowland

The seventy-fourth Annual General Meeting of Lonrho Plc will be held at the Great Room, Grosvenor House, Park Lane, London, W.1. on Friday, 25th March, 1983 at 12 noon.

LONRHO

Lonrho Plc, Cheapside House, 138 Cheapside, London, EC2V 6BL

The text is taken from the Chief Executive's Review contained in the 1982 Report and Accounts which will be published in late-February. Copies will be available from The Secretary, Lonrho Plc, Cheapside House, 138 Cheapside, London, EC2V 6BL.

A new way to look at life



Quite a few things are going to change over the next ten years or so, and one of them is certain to be your way of looking at Life. Like ordinary Life Assurance policies, our Plan-for-Life brings security to your dependants and investment for your own future. The big difference is that when your needs change, and they certainly will at some stage, your Plan-for-Life can be changed accordingly. Each year you can vary the balance between security and investment. You can increase your family's financial protection in line with inflation. You can 'manage' your investment in keeping with current trends, if you so wish. This degree of flexibility is the essence of our Plan-for-Life and you will find that we have some equally exciting ideas about Pension and Retirement Planning as well. It is all part of what we call 'A new way to look at Life'.

For details write to: B. J. Bluck

British National Life Assurance Company Limited

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Espley-Tyas

"1982 - a good year for Espley-Tyas"

R. A. Shuck (Chairman & Chief Executive)

- * 21% Increase in pre-tax profits to £2,765,000.
- * Group turnover was £51 million.
- * Dividends total 6p per share.
- * Net worth up from £10 million to £22.5 million after acquisition of Howard Tennens Services plc.
- * Gross assets further increased to £79 million compared with £20 million at a time of share placing debut in February 1981.

Highlights from the Chairman's Statement

- * **PROPERTY DEVELOPMENT AND INVESTMENT** - major expansion in terms of value, geographic locations and range of properties to be provided.
- * **CONSTRUCTION COMPANIES** - have contributed significantly to the profitability of the Group.
- * **HOUSING DIVISION** - restructured, enabling it to operate more effectively covering England and Wales.
- * **OVERSEAS** - substantial strengthening of the Group's overseas property activities.

"We continue to seek out new opportunities, both within the United Kingdom and overseas and... we expect further progress within each division to be achieved during 1983. Certain major property projects where progress has been achieved in the current year will contribute to profits in 1984."

Copies of the 1982 Report and Accounts containing the Chairman's Statement and a review of the Group's activities are available from: J. M. O'Connor, Esq., Espley-Tyas Property Group plc, Elizabeth House, Westbourne Road, Edgessdon B15 3TR.

Espley-Tyas Property Group plc



AARONSON BROS. P.L.C.

Manufacturers and Distributors of Contiboard, Contiplas, Aroplas, Melinate and Spanboard board products, wood veneers, Armaflex edging materials, Laconite wall boards, tiles and bathroom fittings

STATEMENT OF TRADING RESULTS

YEAR ENDED 30TH SEPTEMBER, 1982

(Subject to Final Audit)

	1982 £'000	1981 £'000
Group Turnover	71,564	61,764
Profit on Ordinary Activities before Taxation	950	543
Profit on Ordinary Activities after Taxation	747	35
Profit/(Loss) for the Year attributable to Shareholders	506	(1,560)
Dividend per Ordinary Share of 10p each	1.20p	1.30p
Earnings per Ordinary Share of 10p each	1.74p	(0.76p)

The Group's turnover increased by 15% despite the extremely difficult world-wide trading conditions. The strength of sterling especially against the European currencies which allowed competitive goods to be imported at unrealistic prices continued to effect profit margins.

The Board is recommending a final dividend of 0.6p per Ordinary Share, making a total for the year of 1.2p per Ordinary share (1981 - 1.3p). Dividend warrants will be posted on 5th April, 1983 for payment on 7th April, 1983, in all ordinary shareholders on the Register at the close of business on 11th March, 1983.

The current year has commenced with improved turnover and margins compared with the previous year. The recent weakness of sterling should assist and have the effect of making our products more competitive both in the Home and Export markets. In view of this, the Directors anticipate an improved outcome for the current year.

George Dew profits at £2.5m

BY OUR FINANCIAL STAFF

GEORGE DEW, the civil engineering and building group, turned in pre-tax profits of £2.54m, on sales of £27.45m, for the 12 months to October 30 1982, but results for the current year are not expected to match those now reported.

For the period from March 6 1981 to November 1 1981, the respective profit and sales figures were £0.51m and £3.61m.

George Dew was formed as a result of a management buy-out - and subsequent placing - of G. Dew & Company from the Dutch parent, Royal Volker Stevin.

Comparative figures cover the pe-

riod from the incorporation of the company and incorporate trading from September 25 1981 (the date of acquisition of G. Dew & Company) only.

For the 12 months ended November 1 1981, the group as previously constituted, made pre-tax of £3.24m from sales of £32.47m.

The directors have previously pointed out that a moving average of results over several years would be more representative of the performance of the group than the result of a single year.

The average pre-tax profits for the three years 1979-82 amounted

to £2.66m, compared with a corresponding average of £2.27m for the three years 1978-81.

Earnings per 25p share are given as 28p for the 12 months to the end of October. A final dividend of 3.4p makes a net total of 3.7p per share for the year (3.4p for the period from March 6 to November 1 1981).

Attributable profits for the year were £2.1m (£307,000 from March to November, 1981). Tax took £298,000 (£199,000) and there was an extraordinary debit of £30,000 this time. Dividends absorb £436,000 (£272,000).

Aaronson recovers in second half

BY OUR FINANCIAL STAFF

A SHARP REVIVAL in second-half profits has been produced by Aaronson Brothers from £98,000 to £415,000, which raises the pre-tax surplus by £407,000 to £950,000 for the year to September 30 1982. Sales of this venerable merchant moved ahead from £51.7m to £71.5m.

The current year has started with improved sales and margins, the directors say. The recent weakening of sterling should help make the company's products more competitive, they say, both at home and overseas.

In view of this, the directors anticipate an improved outcome for the current year.

At the halfway stage, the directors had stated that the effect of actions taken had halted the previous decline in profitability, and anticipated that the first half trends would continue.

The net final dividend has been held at 0.6p, which maintains the year's total at 1.2p. Earnings per 10p share were given as 1.74p against previous losses of 0.76p.

In order to facilitate further expansion and to extend the company's range, the directors say that the plastic bathroom accessories production unit was transferred in November from Lancashire to a factory in Herefordshire.

This move is expected substantially to improve efficiency. The company is also producing a new type of tiled board from the Lacomite division, which will have a special emphasis on bathrooms.

At the year-end, bank borrowings were about £1m lower than a year earlier, and the directors say the improving trend has continued.

At the operating level, profits improved from £1.93m to £2.76m. Interest payable amounted to £2.17m, compared with £1.76m, and associate losses took £35,000 (£55,000). There was also interest receivable of £387,000 (£426,000).

Tax took £203,000 (£308,000) and extraordinary debits were much reduced from £1.45m to £38,000, to cover goodwill written-off and redundancy payments.

Scottish Agricultural improves to £4.7m

BY OUR FINANCIAL STAFF

AN OVERALL "encouraging improvement" over 1981 enabled Scottish Agricultural Industries to increase its profits to £4.7m pre-tax for the 1982 year, an advance of £596,000 on those of the previous 12 months.

Figures for the second half rose from last time's £2.33m to £2.93m, although the directors warn that fertiliser profitability is not at a level high enough to be consistent with a healthy long-term UK fertiliser industry - the group's activities are almost entirely concerned with products used in agriculture, horticulture and forestry.

The dividend for 1982 is being stepped up from 14.75p to 16.5p net per £1 share by an increased final of 10.75p, compared with 9p. Imperial Chemical Industries (ICI) owns 62.4 per cent of the group's shares. Sales for the year under review

expanded from £102.18m to £114.32m. Depreciation rose to £1.06m (£953,000), tax took more at £1.76m, against £1.4m previously, and there was a transfer from the Government Grants account of £182,000 (£190,000).

A major contribution to the higher profit came from reduction in fixed costs arising from rationalisation of production of some fertiliser intermediates and from the continued improvement of productivity in production, selling and administration.

Levels of demand were encouraging, but the fiercely competitive market led to further erosions of margins. Nevertheless, profits from seeds, horticultural products, agrochemicals, animal health and animal feed products all showed some increase over 1981.

RESULTS IN BRIEF

■ ANGLO AMERICAN SECURITIES

Investment trust

Year to Dec 31	1982	1981
Pre-tax revenue	£ 5.16m	£ 5.4m
Tax	1.90m	1.97m
Dividend	5.1p	5.1p
NAV per share	238.88p	182.31p

■ DALE ELECTRIC INTERNATIONAL

Manufacture of generators and auxiliary power units

Half-year to Oct 31	1982	1981
Sales	10.08m	9.4m
Pre-tax profit	1.02m	391,000
Tax	325,000	—
Attributable profit	680,000	257,000
Earnings per share	5.12p	2.13p
Dividend	1.2p	0.7p

■ F & C ENTERPRISE TRUST

Investment Trust

Year to Dec 31	1982	1981
Pre-tax revenue	£ 115,110	£ 125,329
Tax	45,750	89,297
Dividend	0.8p	0.4p
NAV per share	23.8p	18.5p

■ TSL THERMAL SYNDICATE

Manufacturer of vitreous silica, fused magnesia and oxide ceramics

Year to Oct 31	1982	1981
Sales	12.31m	14.97m
Pre-tax profit	£ 67,405	£ 508,628
Tax	46,000	7,000
Attributable profit	—	—
Earnings per share	—	—
Dividend	1p	7p
* Loss: £ credit	—	—

■ UNITED REAL PROPERTY TRUST

Half-year to Oct 5

	1982	1981
Sales	1.88m	1.57m
Pre-tax profit	£ 57,000	£ 30,000
Tax	378,000	479,000
Attributable profit	—	—
Earnings per share	—	—
Dividend	1.5p	1.25p

PYKE (HOLDINGS) PLC

(Catering butchers)

Salient points for the 15 months to 30th September 1982 by P. Garner, Chairman and Managing Director.

- During the fifteen month period now under review the company made a pre-tax profit of £305,947. This profit was achieved after absorbing the significant costs of the reorganisation following the acquisition of G. W. Biggs (Harrow) Limited.
- In the light of these results the Directors are recommending a dividend of 2.5p per share.
- Our recent acquisition is expected to produce significant operational advantages and financial economies for the enlarged group.

Comparative results	15 months ended 30.9.82	Year ended 30.9.81
Turnover	18,151	7,743
Profit before tax	306	5
Profit after tax	309	5
Proposed final dividend	24	—
Retained profit for the period	265	5
Final dividend per share net	2.5p	—
Earnings per share of 10p	13.70p	0.38p

Copies of the Report and Accounts are available from the Secretary, Pyke (Holdings) PLC, 144-146 New Bond Street, London W1.

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01-408 1161

Anderson drops legal battle against takeover

BY RAY MAUGHAN

ANDERSON Strathclyde, the Glasgow-based mining equipment manufacturer, has abandoned its legal battle to stop a renewed takeover bid by Charter Consolidated.

Anderson announced yesterday that it would not appeal against the High Court's refusal last week to quash the decision by Mr Peter Rees, the Minister for Trade, to allow Charter to make a new offer.

Charter's first approach, worth £84m or 135p per share, was halted early last June by a reference to the Monopolies and Mergers Commis-

sion, which recommended by a majority that such a deal would be against the public interest. Mr Rees overruled that recommendation and the courts last Friday rejected Anderson's contention that he was legally bound to accept it.

Shares in Anderson climbed 4p yesterday to reach a record 184p as the Takeover Panel imposed a two-week time limit on any new approach from Charter.

The industrial and mining investment group is set to hold a monthly board meeting on February 22.

Johannesburg Consolidated Investment Company, Limited

(Incorporated in the Republic of South Africa)

INTERIM REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER, 1982

The following are the unaudited consolidated results of the Company and its subsidiaries:

	Six months ended 31.12.82	Six months ended 31.12.81	Year ended 31.12.82
Profit before taxation	58.4	62.4	109.5
Taxation	6.1	9.0	14.8
Profit after taxation	52.3	53.4	94.7
Outside shareholders' portion of profit (loss)	(8.7)	0.7	0.2
Profit before extraordinary item	53.0	52.7	94.5
Derived from:			
Income from investments	35.3	33.3	64.8
Profits of operating subsidiaries	6.3	13.0	22.6
Surplus on realisation of investments	2.0	6.4	6.9
Other net revenue	9.4	—	—
Preference dividends	—	—	8.4
Profit attributable to ordinary shareholders before extraordinary item	48.7	48.6	86.1
Extraordinary item	—	—	0.5
Profit attributable to ordinary shareholders after extraordinary item	48.7	48.6	85.6
Ordinary dividends	9.5	9.5	43.6
Retained profit	39.2	39.1	41.8
Net asset value per share (based on market valuations and directors' valuations in respect of unquoted investments)	R180	R140	R193
Number of ordinary shares in issue	7,312,800	7,299,600	7,299,600
Earnings excluding surplus on realisation of investments	R46.7m	R48.5m	R86.1m
— per share	639c	130c	1,189c
Dividends declared	130c	672c	600c

- NOTES:
- (1) The decrease in attributable profits from the operating subsidiaries arises from a loss incurred by Lenings Limited after providing for certain abnormal items. It is not anticipated that any further write-offs will be required in the current financial year.
 - (2) In terms of the provisions of the Share Incentive Scheme, as amended, 13,200 ordinary shares were allotted in nominated executives of the Company at the middle market price prevailing on 12th November, 1982.

On behalf of the Board
G. H. WADDELL : Directors
F. J. L. WELLS :

Head Office and Registered Office:
Consolidated Building
Corner Fox and Harrison Streets
Johannesburg 2001
(P.O. Box 590, Johannesburg 2000)

10th February 1983

Results	12 months 30th Sept. 1982	15 months 30th Sept. 1981
Turnover	25,416,965	31,064,974
Profit before taxation	337,545	133,063
Dividends	230,000	226,498

Extracts from the Chairman's Statement.

The increase in profits has been entirely due to reduction in operating costs and increased productivity.

Our new wholly owned subsidiary Burns-Anderson Trust Company Limited was granted a licence to take Deposits under the 1979 Banking Act on the 16th December, 1982.



Burns-Anderson PLC

9 St. John Street, Manchester M3 4DN.
Telephone: 061-832 8484. Telex: 666116.

DALE

PROGRESS DESPITE DIFFICULTIES.

Turnover up 44%. Trading profit up 114%. Interim dividend up 80%.

Chairman Leonard H. Dale C.B.E. reports: "Last year's growth has continued into the first half of current year. Recovery prospects look strong. Market place, however, far from buoyant but fine team and prudent housekeeping has enabled adjustment to needs of successful recessionary trading."

All Group companies in profit with exception of W.E. Conyers Ltd., for whom a buyer found under whose influence it should prosper. Minority holding in Mexico company shows break-even on trading despite serious economic problems there.

Assembly operation in Thailand to be opened in April to develop new market at smaller end of Dale range.

Forward view for remainder year positive but we are conscious that we trade in increasingly turbulent times. Deighted that interim dividend can be increased from 0.7p to 1.2p."

The figures:	6 months to 31st October 1982	6 months to 25th October 1981	12 months to 2nd May 1982
Turnover	15.07m	13.2m	31.4m
Trading Profit	1.4m	0.4m	1.9m
Pre-tax Profit	1.02m	0.3m	0.9m
Dividend per share	1.2p	0.7p	3.0p

For copies of the Interim Report, please write to the Company Secretary, Dale Electric International p.l.c., Electricity Buildings, Pkoy, Yorkshire YO1 4PJ. Generating sets-Aerospace ground power units-Battery power systems.

TECHNOLOGY

EDITED BY ALAN CANE



Flight deck of the future in new generation airliners

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TV and the microchip have one to the flight decks of the new generation of jet airliners now entering service for the first time.

The Boeing 767 twin-engine jet, which entered U.S. airline service last autumn, the new, smaller Boeing 757 twin-jet which entered service with Eastern Airlines in January and British Airways this week, and the new A-310 Airbus, also a twin-engine jet, which enters service this spring with Lufthansa and Swissair, all have one

thing in common—what is variously called a "glass cockpit" or "the flight deck of the future"—embodying extensive use of TV screens to display information originally displayed on electro-mechanical dials with pointers.

They also all embody what has been called the "Forward Facing Flight Deck"—doing away with the engineer's side-ways facing panel, the crew now all sitting facing forward.

This is largely because the new flight decks have been designed for two-man crew operation, against the customary three hitherto, although some airlines will continue to employ three-member crews for union reasons.

But for a two-man crew, the work-loads on the flight deck have been reduced substantially as a result of the introduction of computer-controlled Cathode Ray Tubes, which can feature a vast range of information at the touch of a button.

This information, covering the aircraft's compass direction, height, speed, weather information, and navigational details, such as the position of radio beacons and distance to destination, can all be displayed graphically in colour, along with details of the functioning of all of the aircraft's myriad systems, both for monitoring purposes and to give warnings of system faults.

The reaction by pilots to the new work-saving technology has generally been favourable, and after simulator training pilots adapt quickly to the new, much less cluttered flight decks, and find them more congenial places in which to work.

The picture shows the flight deck of the Airbus A-310, showing the CRTs displaying flight and navigational information (A and B), the CRTs for systems information (C), and the central control and flight management panels (D).

Scotland. Through one door.



For information about setting up in Scotland, whether it's about premises, financial assistance or management advisory services, there's only one place to go.

The Scottish Development Agency, 17 Cockspur Street, London SW1Y 5BL. Telephone 01 839 2117. Telex 8811015.

Locate in Scotland.

Scandinavian Bank Group

RECORD RESULTS

Highlights from audited Consolidated Accounts

	1982 £'000	1981 £'000
Shareholders Funds	100,008	59,693
Capital Resources	179,111	110,456
Total Deposits	1,680,830	1,163,830
Loans and Advances	1,275,974	797,753
Total Assets	2,002,433	1,397,294
Profit before Taxation	13,243	11,407
Profit after Taxation	11,152	7,670

Scandinavian Bank Group

Head Office: Scandinavian House, 2-6 Cannon Street, London EC4M 6YL. Telephone: 01-236 6080 Telex: 889093.
International Offices: Bahrain, Bermuda, Geneva, Hong Kong, Los Angeles, Madrid, Monaco, New York, São Paulo, Singapore, Tokyo, Zürich.

Shareholders: Skandinaviska Enskilda Banken, Bergen Bank, Union Bank of Finland, Den Danske Bank at 1871, Den Danske Provinsbank, Skanska Banken, Landsbank Islands.

GOVERNMENT BACKING FOR BRITAIN'S BIOTECHNOLOGISTS

£2m Patscentre pilot plant

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN'S biotechnologists are to have a new £2m continuous pilot plant for large-scale demonstrations of process plant and instrumentation. Financial arrangements for the Government-backed project, to be built near Cambridge, are close to completion.

The plant is the brainchild of Patscentre, research and development arm of PA International, whose innovation contributes about one-third of the income—some £50m total last year—of the group. Patscentre's speciality lies in bringing together multi-discipline teams at short notice to try to exploit a scientific opportunity for a client, or to fill a hole it perceives in the market. It also aims to take its innovation all the way downstream, into production.

Expansion

Biotechnology, initiated at its Cambridge laboratories about five years ago, has grown rapidly—as fast as it has been able to recruit good biotechnologists, says Dr Stuart Excell, divisional director for its European operations. Today this is one of its biggest groups, comparable with telecoms, another fast-growing activity.

Patscentre sees the pilot plant—to be built alongside new laboratories at Melbourne near Cambridge—as the key to successfully selling industry advice in biotechnology. The plant will be backed by an expansion of research in "genetic engineering" in a new suite of laboratories associated with the project. So far, most of its genetic engineering has been done in association with Genentech in California.

Dr Derek Layton, technical manager for biotechnology, believes that progress in instrumentation follows biological processes should share the credit with genetic engineering for the upsurge in industrial interest in biotechnology.

Regulated

Patscentre, with a base in electronics strong enough to be able to devise new products for such research-conscious groups as Bosch and Plessey, is harnessing micro-electronics to cell biology.

Dr Layton sees living cells not as the sludge in some factory-made soup but as "inde-

pendent little factories." These cells are making the products of biotechnology. It is, therefore, the cells themselves, not the soup, that must be regulated.

Tinkering with the genetics of a cell often upsets the internal energy balance inside these "factories." For that reason successful grafts of DNA often fail when the cell-breeding processes are scaled up.

One of his aims is a new family of sensors sensitive enough to follow the behaviour of cells. This means, for example, being able to measure temperature changes as slight as 0.05 degrees C. One approach that looks hopeful for following cell changes is to incorporate an organic membrane layer into a micro-electronic (MOS) circuit, then embed the type of cell under control into this membrane.

An enzyme, for example, will change shape significantly when it is reacting. These changes will distort the lipid layer in which they are embedded, which in turn will exert forces on the micro-circuit. Such sensors can be calibrated for enzyme reaction rates, Layton claims.

Investment

Stuart Excell sees bio-sensors of this kind as the basis of new product ranges, not only for biotechnology plant control but also for medical diagnosis. Such a sensor could also provide a diabetic with insulin "on demand," as his body required it, instead of in shots. But Excell foresees a major investment to develop such sensors from laboratory concepts into product ranges.

One diagnostic tool they have patented combines an in-house expertise in diffraction gratings. Patscentre has already experimented—for example, in information storage and retrieval for Volkswagen and Tricentral—with the Cambridge discovery of ways of readily making monochromal antibodies. Each monochromal antibody is highly specific in its ability to recognise one particular disease-causing antigen that is trying, say, to invade the body.

Patscentre's idea is to coat a cheaply-made plastic diffraction grating with a film of a monochromal antibody. Then, should it attract the corresponding antigen—say, for hepatitis or herpes



Dr Derek Layton (left) and Dr Stuart Excell

—these big protein molecules, attached to the film, will distort the diffraction pattern and their presence will readily be apparent using a simple optical reader. Ideally, says Layton, the patient will be asked to do no more than "lick this slide," for such a test to be made.

The pilot plant will give Patscentre an opportunity to prove not only a novel process technology—it is researching new genetically engineered organisms to exploit methanol as a chemical industry feedstock—but also to develop bio-engineering and bio-instrumentation under contract. Half of the plant will be devoted to the downstream side of the fermenters—water separation, product purification, etc.

The plan is to equip it initially with two continuous fermenters, of 1,000 and 300 litres capacity, designed to P2 containment standards. It leaves space for a third fermenter, however. The fermenters will be under mass spectrometer control from an adjoining suite of laboratories.

Data collection Bar code reader

A BAR CODE reader for use in industrial applications is now being marketed by Intermet UK. Designated the Model 9341, the reader has a 32 character display and a 16

character keyboard. The main uses for this reader is in inventory and production control, shipping and receiving and other shop floor data collection applications. More data on 0734 67331.

Microprocessor systems from THORN EMI Automation, Rugeley, Staffs, England. Controls for industry.

Speech

Scrambled unit

NEITHER CIVIL nor military radio eavesdroppers will find it easy to break into transmissions that are "scrambled" by a new digital speech encryption unit from Racal Comsec of Salisbury, Wiltshire—even with advanced computer-backed crypto-analysis techniques.

The MA 4263 can be built into most commercially available radios and in the case of hand-held types can be fitted between the radio and its associated battery housing. It is based on four stacked printed circuit boards and includes six custom-built large scale integrated circuit chips. The additional battery drain amounts to no more than 16 milliamperes.

Racal says that it has also solved the problem of reduced radio range that often occurs when this kind of encryption is used.

Space

ATMOS testing

A Space Shuttle Spacelab 3 payload instrument known as ATMOS (atmospheric trace molecules observed by spectroscopy) has now completed testing at Honeywell's Electro Optics Division in Wilmington, Massachusetts.

The instrument, an interferometer-spectrometer is designed to measure the absorption of atmospheric molecules using the Sun as a source and is due to fly on the Space Shuttle early next year.

The data produced will help scientists study the atmosphere between 20 and 120 kilometres with a view to producing a global atlas of the upper atmosphere.

COMPANY NOTICES

NEW KLEINFONTEIN PROPERTIES LIMITED
(Incorporated in South Africa)
SECOND INTERIM REPORT

FINANCIAL	12 months ended 31 December 1982	Financial Year ended 31 December 1981
Members were advised by circular dated 8 December 1982 that the company's year end had been changed from 31 December to 31 March 1983. The current accounting period had been provided by six months to end on 31 March 1983. This report covers the period from 1 January 1983 to 31 March 1983.		
Profit before tax	274 009	8000
Normal	297 000	211 900
Deferred	67 000	
Net Profit after tax	277 900	297 000
Earnings per Share (cents)	15.5	25.7
Dividends per Share (cents)	5.0	5.0
Dividend Cover (Times)	2.7	5.0

The increase in the effective tax rate, from 16.1 per cent in 1981 to 29.8 per cent in 1982, is due to the fact that the company's tax rate for the year ended 31 March 1983 was 29.8 per cent, compared with 16.1 per cent for the year ended 31 December 1981. The increase in the effective tax rate is due to the fact that the company's tax rate for the year ended 31 March 1983 was 29.8 per cent, compared with 16.1 per cent for the year ended 31 December 1981.

Although pre-tax profitability has decreased by 32 per cent it will be recalled that the reported results for 1981 included a more largely attributable to the dividend of 5.0 cents per share.

TREATMENT OF PUMP MATERIAL
The directors of the company have considered the matter of the sale of the pump material and have decided to sell the same to the South African Land and Exploration Company Limited ("SALCO"), which is a subsidiary of the company. The sale of the pump material will result in a profit of R 81 000. This profit will be added to the company's reserves and will be available for distribution to the shareholders of the company.

NOTICE IS HEREBY GIVEN that the company has decided to sell the pump material to the South African Land and Exploration Company Limited ("SALCO"), which is a subsidiary of the company. The sale of the pump material will result in a profit of R 81 000. This profit will be added to the company's reserves and will be available for distribution to the shareholders of the company.

ENCLOSURE OF COUPON NO. 78
The dividend on shares included in Share Warrants to Bearer will be payable on or after 11 April 1983 to the persons presenting Coupon No. 78 at the London Office, 25 Southampton Place, London WC1A 2DQ, or at the Johannesburg Office, 1500 Park Road, Johannesburg, S.A., or at the Cape Town Office, 1500 Park Road, Cape Town, S.A. The coupon must be presented to the London Office by 11 April 1983 and to the Johannesburg Office by 11 April 1983 and to the Cape Town Office by 11 April 1983. The coupon must be presented to the London Office by 11 April 1983 and to the Johannesburg Office by 11 April 1983 and to the Cape Town Office by 11 April 1983.

By Order of the Board
J. S. HAMMILL
J. A. WHITE
Directors

Registered Office:
25 Wellington Road,
Parktown 2193.

Transfer Secretaries:
Central Registrars Limited,
116 Market Street, Johannesburg 2001,
11th February 1983.

BANK HANDLOWY W.
WARSAWIE S.A.
Floating Rate Note Issue
U.S.\$ 30 million 1979/89
The rate of interest applicable for the six months period beginning on February 11th 1983 and set by the reference agent is 10 1/2% annually.

KONISHIROKU PHOTO INDUSTRY CO. LTD.
NOTICE TO EOR HOLDERS
NOTICE IS HEREBY GIVEN that copies of the 20th Annual Report covering the six months to October 29, 1982 of the company are available at the offices of The Depository, The Chase Manhattan Bank, N.A., 100 Wall Street, New York, N.Y. 10038, or at the offices of The Depository, The Chase Manhattan Bank, N.A., 100 Wall Street, New York, N.Y. 10038, or at the offices of The Depository, The Chase Manhattan Bank, N.A., 100 Wall Street, New York, N.Y. 10038.

REGIE NATIONALE DES USINES RENAULT

7 1/2% Lebanese Pounds Bonds due 1985

Numerical list of the series including the 6,750 bonds drawn by lot and making up the entire LL 6,750,000 nominal amount to be redeemed on March 15, 1983.

First and last numbers of the series
31,176 to 44,466

Each of these bonds is repayable at LL 1,000 at the offices of the following banks:

Banque Bruxelles Lambert S.A., Bruxelles
Banque Audi S.A.L., Beyrouth
Kuwait Investment Co. S.A.K., Kuwait
Crédit Lyonnais, Paris
Banque Bruxelles Lambert (Suisse) S.A., Genève
Banque Internationale à Luxembourg, Luxembourg

LEGAL NOTICES

IN THE MATTER OF ROBERTSON ADVERTISING LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948 AND IN THE MATTER OF THE COMPANIES ACT 1948

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IN THE MATTER OF THE COMPANIES ACT 1948 AND IN THE MATTER OF THE COMPANIES ACT 1948
NOTICE IS HEREBY GIVEN pursuant to Section 298 of the Companies Act 1948 that a General Meeting of the Members of the above-named Company will be held at 1 Wardrobe Place, Carter Lane, London EC4V 5AJ on Tuesday, 1st March 1983 at 10.15 a.m. to be followed at 10.30 a.m. by a General Meeting of the Creditors of the above-named Company for the purpose of receiving an account of the Liquidator's Acts and Dealings and of the conduct of the Winding-up to date.

Dated this 1st day of February 1983.
S. MILLS, Liquidator.

IN THE MATTER OF THE COMPANIES ACT 1948 AND IN THE MATTER OF THE COMPANIES ACT 1948
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Dated this 1st day of February 1983.
S. MILLS, Liquidator.

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TOKYO, Osaka, Seoul, Taipei & Per East West choice of discount flights. Reservations. Japan Service Travel. 01-437 3703.

[illegible][illegible][illegible]

LONDON TRADED OPTIONS

		CALLS			PUTS		
Option		April	July	Oct.	April	July	Oct.
BP-USP \$12	260	60	—	—	3	6	—
"	280	40	—	—	6	—	—
"	300	24	30	42	17	22	24
"	320	7	16	24	34	48	44
"	360	3	5	—	60	64	—
CGF-USP 550	460	95	107	—	—	18	—
"	500	38	75	88	18	28	6
"	550	50	44	60	35	44	6
"	600	16	25	67	67	70	7
OTD-USP 27	70	12	01	05	3	2 1/2	—
"	80	10	14	16	5 1/2	5	—
"	90	5	7	—	5	8	1
CUA-USP 187	180	20	81	—	3	5	—
"	190	10	16	—	4	8	—
"	140	6	9	15	14	17	1
"	160	3	5	7	20	51	5
GEC-USP 010	180	38	44	68	3	6	1
"	107	08	—	—	6	—	—
"	100	—	68	37	—	15	2
"	217	8	—	—	16	21	—
"	200	—	16	—	—	—	—
"	337	4	—	—	32	38	—
"	240	—	9	—	—	50	—
"	680	2	5	—	52	54	—
GNW-USP 551	240	112	—	—	1	—	—
"	680	83	—	—	2	—	—
"	72	79	—	—	1	—	—
"	800	52	59	—	8	16	—
"	550	39	26	45	6	10	1
"	860	10	18	26	22	26	2
ICI-USP 294	260	138	—	—	2	—	—
"	680	118	—	—	2	—	—
"	300	68	108	—	2	3	—
"	350	48	78	—	2	—	—
"	860	42	50	60	9	15	3
"	480	22	34	42	20	26	3
"	940	2	3	28	—	—	—

Option		Feb.	May	Aug.	Feb.	May	Aug.
BSL (USP 424)	360				1		
"	350	75	78	86	1	4	8
"	385				2		
"	390		48		9		15
"	420	15	25	28	3	20	34
"	460		14	22	45		53
IMP (USP 125)	90	56	56		0 1/2	1	
"	100	26	26				
"	110	10	16	16			
"	120	7	11	13	3	4	11
"	150		6		8	15	17
LMO (USP 276)	280	20	40	47	5	17	23
"	280		38		17	27	30
"	350	2	15	82	82	48	42
"	390			15	62	95	78
"	450	2	8		96	95	
"	290	8	8		122	126	
LNR (USP 91)	60	32			0 1/2		
"	70	12	15	17	1	3	8
"	80	4	7	10	5	8	10
"	90	1		4 1/2	10	16	18
"	100		8				
P & O (USP 119)	100	12	26	27	1	6	5
"	100	22	11	18	4	8	16
"	135	1	1 1/2		1	8	16
"	150		5 1/2	8	11	14	24
"	140		3		21	24	
"	160	0 1/2	1		41	45	
RCL (USP 474)	380	87			1		
"	400						
"	460	18	48	55	3	20	27
"	520	8	25	30	50	37	42
"	550	2	18	20	79	60	53
"	600	2		8	129	150	
"	650	1	2		178	180	
RTZ (USP 527)	540	300					
"	560	170					
"	590		147				

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SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday February 11 1983

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WALL STREET

Monetary whispers bring rally

HOPES of a renewed decline in interest rates were fuelled on Wall Street yesterday by unconfirmed reports about the latest developments in Federal Reserve policy, and they helped the Dow Jones industrial average to close for the second time this week within a few points of its all-time high, writes **Duncan Campbell-Smith** in New York.

Early rumours that the 1982 monetary aggregate targets might be kept broadly unchanged for 1983 were warmly received on the stock market and share prices opened strongly. They were also encouraged by a report that Mr Paul Volcker, the Fed's chairman, had expressed confidence in the resumption of the downward trend in interest rates.

The Dow gained nearly 10 points in the first half-hour of a brisk trading session, built steadily on this head start through the mid-session and soared again late in the day to close up 20.33 at 1,887.75.

The other averages also showed comparable gains, with the Dow transportation average up 5.80 to 479.75, and advancing stocks outnumbered those de-

clining by more than 2% to one. Trading volume was 95.31m.

Revised speculation about a \$4 cut in the price of Saudi crude did no apparent harm to the international oil stocks.

Among the blue chips, Texas Instruments regained 51% of a \$5 drop on Wednesday, following the announcement of a \$48 price cut in its home computer product. The stock closed at \$163.

Reynolds Industries reported 1982 sales and earnings at a record level of \$7.82 against \$7.03. Profits were boosted 80 cents a share by the compensation received from Kuwait in the second quarter last year for nationalised energy properties. The stock gained 5% to \$47.

Prices also rallied sharply in the bond and money markets in a generally much increased level of trading activity. Dealers said they were sceptical that any real change in the market's posture would anticipate the formal statements to be made by the Fed and its chairman in the coming days, but a sluggish 0.1 per cent growth in retail sales figures for January reinforced some apparent shortcoming during the afternoon, and lifted prices strongly in the final hour.

The Federal Funds market was the only exception to the firmer tone, and dealers said heavy demand from the New York banks had kept the Funds rate close to 8 1/2 per cent for much of the day. The Federal Reserve set up a customer repurchase agreement for \$1.5bn at this level.

Treasury Bill rates eased about 14 basis points, with the three and six-month bills yielding around 8.40 per cent and

8.70 per cent respectively on a bond equivalent basis.

In the Government and corporate bond markets, Treasury prices closed up about 1/4 on medium maturities and about 1 1/2 at the long end. Good retail demand was seen for government securities as traded by some of the major houses on a zero coupon basis via accrual certificates.

The 10% per cent notes due 1983 were trading on a when-issued basis around 100 1/2 to yield 10.80 per cent, and the 10% per cent long bonds due 2012 around 95 1/2 to yield 10.91 per cent.

A broad range of gains was achieved in Toronto, held back only by a reluctance to buy in the base metal sector. Dome Mines advanced after selling its 10.1 per cent stake in Denison on the market, and Denison as a result turned lower. Montreal too had a substantial margin of gains over losses through most of the session.

LONDON

Buying appetite fulfilled

ECONOMIC and interest rate considerations, together with sterling's early firmness yesterday, continued to influence London equity market investors. Fresh funds were initially attracted and many leading shares rose to new records but, as soon as investors' demands were fulfilled, short-term operators moved in and realised some of the often substantial profits built up over the past week or so.

A technical reaction after the market's recent advance had been widely expected. In view of the large sums tied up by the Associated British Ports' flotation - and with more being held in reserve for a Superdrug Stores issues next week - the extent of the fall was surprisingly superficial.

Conflicting Middle East reports about the longevity of Opec's crude oil reference price tended to irritate markets before this was countered by Wall Street's early revival, and blue chip stocks reduced falls to minimal amounts. The FT Industrial Ordinary share index closed only 1.2 off on balance at 854.8 but broader indicators ended fractionally harder, with the FT Actuaries All-Share up 0.1 per cent at a best-ever 408.78.

Government securities remained vulnerable to exchange rate fluctuations. After a firm opening spell, many quotations reverted to near overnight levels before improving again late, the longs by around 1/4. Business continued to be relatively light, affected by the counter-attractions of equities and the low level of institutional cash flow this month resulting from the absence of interest dividend payments.

Index-linked issues moved conversely to conventional gilts as funds were raised for Monday's call of £35 per cent on the Treasury 2 1/2 per cent index-linked 2018 issue which, in £25-paid form, eased 1/4 to 25 1/2.

Vague talk of a possible cash-call in the forthcoming dividend season unsettled the major clearing banks. NatWest came on offer and shed 12p to 520p, while Midland gave up 8p to 330p. Lloyds and Barclays lost 5p apiece to 455p and 435p respectively.

Share information service, Pages 34-35

AUSTRALIA

Industrials hit

INDUSTRIALS for once fared worst in an overall weaker showing by Sydney prices, as bargain-hunting among heavyweight miners provided most with modest gains.

Vehicle, retail, light engineering, banking and transport issues were the focus of selling. The All Ordinaries index lost two points to 501.3, undermined largely by a 4.3 fall in the industrial measure to 643.0, while the resource marker eased a bare 0.1 to 387.1.

Investors were said to be switching to traded options in order to limit their exposure ahead of next month's federal election.

In a dull Melbourne session gold explorer Carr Boyd, a recent speculative star, fell 27 cents to A\$1.85.

SOUTH AFRICA

Gold sold

SUSTAINED overseas selling took Johannesburg gold shares still lower as local demand thinned out simultaneously.

A firm bullion price did little to help heavyweights such as Hartbeespoort which fell R2 to R96 while cheaper priced producers often encountered setbacks of R1.

Elsewhere Palamin in coppers ended 15 cents easier at R17.35 following annual results. Mining financials and platinum were mixed but industrials in good demand.

FAR EAST

Tokyo takes refuge in speculatives

SPECULATIVE issues dominated buying in Tokyo yesterday, but gains there were offset by renewed weakness in international populars as investors gave further consideration to the outcome of the computer secrets case against Hitachi in the U.S.

Hitachi itself shed Y8 of Y23 advance on Wednesday to stand at Y787 in active dealings of 14.75m shares. Volume overall was a moderate 480m. The Nikkei-Dow Jones market average added 21.63m to 8,017.56 but the Tokyo SE index eased 0.92 to 583.22.

The previous evening Hitachi had reaffirmed its commitment to producing IBM-compatible units, and during the day rumours circulated of a possible tie-up between the two companies. A subsequent denial by Hitachi discouraged buyers and led to the stock's eventual downturn.

Another bar to a sustained blue chip upsurge continued to be the high levels of margin debt there and in Osaka and Nagoya, described by one dealer yesterday as a "major bottleneck".

One of the day's major beneficiaries was the shipping sector, under the lead of Japan Line which finished Y23 stronger at Y188 on 37.30m shares, the third most active. Strength in the yen and cheaper crude brought the upturn there as well as renewed strength in the oil shares. MaruZen added Y17 to Y450.

A better performance by mining issues was led by Mitsui Mining and Smelting, affected only slightly on Wednesday by a denial of a rumoured gold find. It rebounded Y50 to Y680 on 39.22m shares.

Margin trading is to be tightened from today in Mitsui and in Keisei Electric Railway, up Y31 to Y426 and again volume leader with 50.54m shares changing hands.

An afternoon of moderate buying left Hong Kong stocks ahead despite the op-

posing force of profit-taking, also in evidence. The Hang Seng index ended 8.87 higher at 915.51, its highest since the end of September.

The trading sector was again to the fore, with a gain of 30 cents for Swire Pacific at HK\$11.20 and 20 cents for Jardine Matheson at HK\$14.40. Banks were unchanged to firmer.

An actively but selectively higher Singapore trade took the Strait Times industrial index 3.26 upward to 788.13, now within reach of the 800 mark. Hume Industries featured with an 18 cent rise to S\$3.88.



EUROPE

Currency strengths spill over

THE BOURSES gave a somewhat more enthusiastic welcome yesterday to the strengthening in domestic currencies against the U.S. dollar than they managed on Wednesday. Investors in the main appeared this time to shrug off further overnight weakness on Wall Street, leaving share values in most centres moderately to the good.

With the D-Mark particularly strong all round, Frankfurt flourished, though stocks received additional support from a firm domestic bond market and growing faith in the conservative CDU and CSU parties' ability to retain power.

Foreign buying was in evidence with greater vigour than recently, and the Commerzbank index gained 6.7 to 772.7.

Banks were in favour, with Bayernhypo up DM 1.80 to DM 249.50 on news of an increased dividend, Commerzbank DM 2.40 to DM 129.90 and Dresdner DM 1.20 to DM 139.50.

The mood of the bond market improved placement chances for a DM 1bn post office issue on Wednesday with a 7.75 per cent coupon.

Somewhat more hesitant progress in Zurich was still sufficient to provide a new 1982-3 peak for the Swiss Bank Corp industrial index, a half-point firmer at 304.1.

Banks and financials traded narrowly mixed despite firmness in the bond market there, too. Insurances were stronger, however, while chemicals led the industrial sector. Sandos added SwFr 25 to SwFr 4,950 and Ciba-Geigy SwFr 15 to SwFr 1,805.

Stockholm steadied after profit-takers had begun on Wednesday to chip away at the gains achieved in the market's steady rise over the past four months. Volvo was unchanged but Saab-Scania edged SKr 1 up at SKr 258.

Brisk trading in Milan added to gains recorded earlier in the week across a broad front. Professional speculation was said to have been prominent, and many issues reached their highest levels in years.

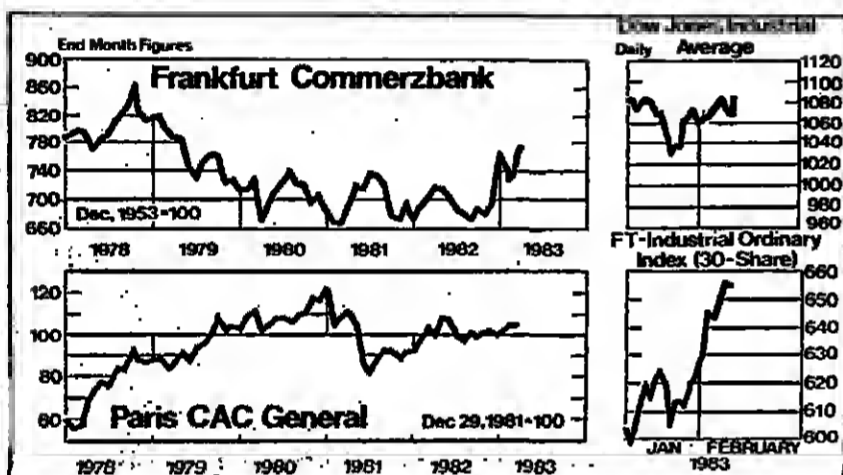
Fiat gained initially on expectations of positive results but later fell back to end L123 weaker at L2,231. Banks and insurances came to the fore in after-hours dealings.

Institutional investors lent support to an otherwise dull Paris session, where electricals, metals and chemicals gained ground. Bouygues stood out in easier constructions after forecasting strong growth for the year, ending FFr 14 up at FFr 759.

Internationals were cautiously improved in Amsterdam. A strong earnings turnaround by Océ-Van der Grinten brought its stock a Fl 1 gain to Fl 185. Unofficial dealings in troubled ship-builder RSV saw its price eroded to Fl 3 against its last official close of Fl 12.

Non-ferrous metals, oils and utilities showed selective advances in Brussels. Among the strongest gains in a lacklustre day was a BFR 85 rise for Hoboken to BFR 4,220. Electricals and banks contributed to weakness in Madrid.

KEY MARKET MONITORS



NEW YORK			
	Feb 10	Previous	Year ago
DJ Industrials	1087.75	1067.42	836.66
DJ Transport	479.75	473.85	347.6
DJ Utilities	123.89	123.94	105.4
S&P Composite	147.50	145.00	114.86

LONDON			
	Feb 10	Previous	Year ago
FT Ind Ord	854.8	856.0	572.0
FT-A All-share	408.78	408.19	328.73
FT-A 500	443.22	441.78	348.76
FT-A Ind	417.60	416.48	318.60
FT Gold mines	686.1	685.0	285.2
FT Govt secs	78.36	78.27	65.34

TOKYO			
	Feb 10	Previous	Year ago
Nikkei-Dow	915.51	795.93	776.11
Tokyo SE	583.22	584.14	574.3

AUSTRALIA			
	Feb 10	Previous	Year ago
All Ord	501.3	503.3	532.5
Metals & Mins	437.9	435.2	382.5

AUSTRIA			
	Feb 10	Previous	Year ago
Credit Aktien	48.84	48.77	54.82

BELGIUM			
	Feb 10	Previous	Year ago
Belgian SE	105.61	105.28	96.45

CANADA			
	Feb 10	Previous	Year ago
Composite	2110.2	2082.3	1677.1

FRANCE			
	Feb 10	Previous	Year ago
Montreal Industrials	360.62	358.60	293.34
Combined	347.56	343.83	276.38

DENMARK			
	Feb 10	Previous	Year ago
Copenhagen SE	104.69	104.79	97.51

GERMANY			
	Feb 10	Previous	Year ago
CAC Gen	104.10	104.2	107.0
Ind. Tendence	108.00	107.5	118.2

WEST GERMANY			
	Feb 10	Previous	Year ago
FAZ-Aktien	257.49	255.56	228.27
Commerzbank	772.70	766.0	696.8

HONG KONG			
	Feb 10	Previous	Year ago
Hang Seng	915.51	906.64	1286.4

ITALY			
	Feb 10	Previous	Year ago
Banca Com.	193.97	191.9	185.84

NETHERLANDS			
	Feb 10	Previous	Year ago
ANP-CBS Gen	107.9	106.8	87.0
ANP-CBS Ind	94.1	92.9	88.6

NORWAY			
	Feb 10	Previous	Year ago
Oslo SE	193.93	194.22	107.9

SINGAPORE			
	Feb 10	Previous	Year ago
Strait Times	788.13	784.87	783.93

SOUTH AFRICA			
	Feb 10	Previous	Year ago
Gold	958.7	976.9	532.8
Industrial	830.1	826.5	708.9

SPAIN			
	Feb 10	Previous	Year ago
Madrid SE	102.99	103.37	107.36

SWEDEN			
	Feb 10	Previous	Year ago
J & P	1123.13	1124.78	605.96

SWITZERLAND			
	Feb 10	Previous	Year ago
Swiss Bank Ind	304.1	303.6	249.0

GOLD (per ounce)			
	Feb 10	Previous	Year ago
London	\$498	\$492.50	
Frankfurt	\$495	\$491.50	
Zurich	\$495.50	\$491.50	
Paris	\$495.45	\$497.86	
New York futures (Feb)	\$503.6	\$492.20	

* Indicates latest pre-close figure

CURRENCIES

	Feb 10	Previous	Feb 10	Previous
U.S. DOLLAR	1.5450	1.5420		
DM	2.4115	2.4300	3.72%	3.75
Yen	235.10	236.25	363%	365
Sfr	8.8330	8.8625	10.55%	10.62%
SwFr	2.0110	2.0225	3.11	3.12
Quadr	2.9640	2.9790	4.11%	4.13%
Lira	1389	1398	2145%	2155
Rs	47.51	47.70	73.40	73.55
CS	1.2265	1.2250	1.8950	1.8906

INTEREST RATES

	Feb 10	Prev
Euro-currencies (three month offered rate)		
\$	11%	11%
Sfr	2%	3
DM	5%	5%
Sfr	18%	21%
FT London interbank fixing (offered rate)		
3-month U.S.\$	9 1/4%	9 1/4%
6-month U.S.\$	9 1/4%	9 1/4%
U.S. Fed Funds	8%	8%
U.S. 3-month CDs	8.75	8.80
U.S. 3-month T-bills	8.24	8.27

FINANCIAL FUTURES

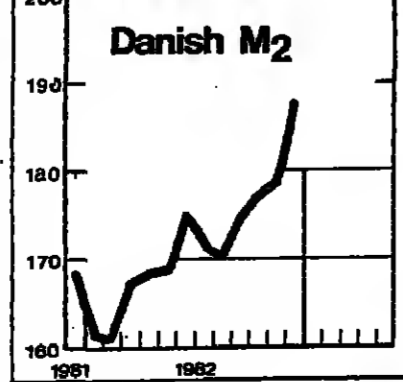
	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT)				
8% \$100,000 32nds of 100%	74-00	74-05	73-03	72-28
U.S. Treasury Bills (BMT)				
\$1m points of 100%				
March	91.90	91.92	91.70	91.65
Oct Deposit (BMT)				
\$250,000 points of 100%				
March	91.25	91.28	91.03	90.99

	Latest	High	Low	Prev
LONDON				
Three-month Eurodollar				
\$1m points of 100%				
March	90.71	90.71	89.95	90.58
20-year National GB				
\$250,000 32nds of 100%				
March	100-08	100-18	99-10	99-29
Three-month Sterling Deposit				
\$250,000 points of 100%				
March	89.47	89.58	89.40	89.46

LONDON COMMODITY MARKETS

	Feb 10	Prev
Silver (spot fixing)	903.8p	894.55p
Copper (cash)	£1047.00	£1036.50
Coffee (March)	£1896.50	£1885.50
Oil (spot Arabian light)	\$29.87	\$29.87

DANISH M2



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Continued on Page 31

AMERICAN STOCK EXCHANGE CLOSING PRICES

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NEW YORK STOCK EXCHANGE CLOSING PRICES

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U.S. behaviour 'unbecoming' says Mahathir

BY ALAIN CASS, ASIA EDITOR AND WONG SULONG IN KUALA LUMPUR

DR MAHATHIR MOHAMMAD, Malaysia's Prime Minister, yesterday launched a scathing attack on the U.S. and the London Metal Exchange and the U.S. for the continuing slump in the world tin mining industry.

He attacked the U.S. for selling surplus tin from its 150,000-tonne stockpile, which market prices are still at rock bottom.

"The recent release of stockpiled tin by the U.S. at a time when prices are depressed is an act which is not becoming in a nation that is many times richer than Malaysia," he said.

"It represents a substantial sum to them but if they regard it as substantial we regard it as colossal. They are hurting us more than it could ever help them."

Dr Mahathir denied that Malaysia's efforts to create a tin producer's association was an attempt to start a cartel.

"I regard the London Metal Exchange as a cartel. It has no tin to speak of. All it does is to control the price of the market irrespective of the cost of production. It is an excessive club in which we have no chance of belonging much less of influencing the price."

THE STRAITS tin price moved above the "floor" level of the International Tin Agreement for the first time since early November in Penang on Wednesday night (London time). It rose from 8 cents to \$24.15 by 8.30 a.m. on Thursday, but remains in the lower price band (\$24.15 to \$24.30) of the International Tin Agreement where the buffer stock has to be a net seller, writes John Edwards.

There was little reaction yesterday on the London Metal Exchange to the rise in the Straits tin price. Values ended the day virtually unchanged.

Traders pointed out that sustained support buying by the buffer stock of the International Tin Council in recent weeks had pushed London

values up in line with Penang. It therefore makes better sense for some consumers to revert to buying Straits tin in Penang, where supplies are being restricted by the stringent export quotas imposed by the Tin Council.

The offering in Penang on Wednesday night, based on ore concentrates received by the smelter, fell to only 125 tonnes.

It was generally expected that once the buffer stock had established control over the London market this would enable the Straits tin price to rise.

As a result of heavy support buying the buffer stock now holds virtually all the world's surplus tin, with the exception of U.S. stockpile, and should therefore be in a position to control values.

up the price of the metal to late 1981-early 1982, Dr Mahathir's Government has been trying to galvanise other tin producers to band together.

However, this initiative by Malaysia, the world's largest tin producer, has met resistance from its neighbour and second

largest producer, Indonesia, which fears Malaysian domination in the proposed grouping.

The two countries' differences are fundamental. A meeting of technical experts from 17 producing countries is scheduled in London on Monday to seek a compromise.

However, such a meeting is unlikely to achieve a result unless Malaysia and Indonesia reconcile their differences. This seems a remote possibility as the mining ministers of Indonesia and Thailand, the world's third biggest producer, have so far resisted invitations to meet informally before the experts' meeting.

Dr Mahathir saw no parallel between what he foresaw as the collapse of Opec and his proposed tin producers' association. Opec's collapse would be because the oil cartel "used it as a big stick."

"We are not intending to use the association as a big stick," said Dr Mahathir. "All we are seeking for is a fair price. We know tin is vulnerable. We accept the fact that countries have to trade with each other and that we are interdependent. Neither are we out to cause a depression because that would hurt us."

Cocoa prices continue to fall

By Our Commodities Staff

COCOA PRICES fell again on the London futures market yesterday as dealers continued to react to an over-bought situation and consider nearby supplies. The 17 1/2 tonne quotation fell \$10 to \$1,318.50 a tonne taking the fall on the week so far to \$48 a tonne. But yesterday's biggest fall was in the prompt March position which ended \$47.50 down at \$1,297.50 a tonne.

Traders said this reflected the re-alignment with the forward quotations which had already lost considerable

ground. THE UK Meat and Livestock Commission (MLC) has published a list of available to the meat and livestock industries of four Continental EEC countries.

The main objective of the report, compiled by Mr E. M. Rolfe, director of the European Research Bureau in Brussels, is to provide a guide to the national aids and how they could be better exploited to the benefit of the British meat and livestock industry.

It covers France, West Germany, the Netherlands and Denmark. These countries were chosen because they are broadly similar to the UK in their livestock economies, but very different in the nature and extent of support to the meat sectors.

National Aids to Meat Production in the EEC: The Situation in France, W. Germany, the Netherlands and Denmark, £10.

● SOUTH AFRICA'S 1982-83 maize crop will be below 8.5m tonnes and could fall short of 8m if substantial rains do not fall this month. Drought-affected areas have received little rain since mid-January and even with perfect conditions this month, 8.5m tonnes could not be obtained.

Lost in a bureaucratic maze

I ENTERED my quality wheat for breadmaking intervention in October. It was carefully sampled by a Ministry official in November and accepted in that month for delivery in December. The final load was delivered to the store on December 20.

On January 14 I received the acceptance details: on December 28 a calculation of the money that was due and on February 5 the cheque arrived. As that was a Saturday it took another three days before the cheque was cleared.

This adds up to seven weeks between delivery and payment, about twice the time that the maltsters or merchants take to square their accounts. This was roughly as long as it took last time and I suppose it will be termed an improvement, because in this last exercise the New Year and Christmas holidays must have stopped all bureaucratic activity.

What I am saying, though, is that during the time that I was waiting for payment the wheat market took off, and is still rising. I could have sold mine for as much as I received, just under £124 a tonne at the time, or the spot market, and probably a good deal more, without any argument about quality or moisture.

In Brussels in November, I met a cereal management committee official who said the British were beginning to get a reputation for crying wolf.

"Every year," he said, "your officials tell me there will be a big shortage but for some reason it never happens."

This is a serious point. Most farmers exaggerate their yields, and the officials who compile the statistics have no facts to work on except farmers' estimates of their crops. The buyers seize on these figures and use them to keep the market down as well as they can. In the circumstances of last autumn, the wheat price was so low that sales to breadmaking intervention looked to be a very good outlet—better than exporting.

The Home Grown Cereals Authority reckoned that on the basis of the harvest estimate there would be a wheat surplus of 2.5m tonnes. Exports up to December 31 amounted to 1.4m tonnes and a further 500,000 tonnes are committed to go before the end of February. In addition 480,000 tonnes have been placed in intervention stores so it looks as though nearly 2.4m tonnes have already been taken off the British market which would practically clear it of unsolicited grain.

Part of the export surplus has been due to the slide in sterling which made UK grain highly competitive on the overall EEC export market. UK grain has moved overseas while French sales remained bungled up with wheat.

With nearly 500,000 tonnes of breadmaking wheat in store there should be no shortage, but the price is that under EEC rules the price of intervention stores is the reference price for

the month plus 1 per cent. For February it would mean a price of £133.50 ex-store.

The strength of the wheat market has pulled up that for feed barley which had been languishing until the turn of the year. Compounders were preferring to use wheat or ryeal substitutes in their rations. The weakness of sterling has significantly raised the cost of the substitutes to UK compounders and so consequently their use is likely to fall.

There are 1.25m tonnes of barley in intervention at the moment which could be released onto the market at any time at the intervention price for the month plus 1 per cent—roughly £121.20 per tonne for February export.

So far, the market price for feed barley is just at £115 per tonne, ex farm. At this level it is still marginally more attractive to offer barley for intervention and in fact 55,000 tonnes were so offered last week.

The barley price is almost certain to rise further now that ex farm wheat looks to be drying up. The big question is whether the stocks left on farms which are unsold. Should this cupboard prove to be bare there could be a run on the barley intervention stores.

The EEC cereal management committee would certainly prefer this to having to allow for an export cost of between £50 and £60 per tonne.

I do, in fact, have a small tonnage of barley to sell and like every one else in the grain business I wish I was better informed.

Farmer's Viewpoint: John Cherrington takes a disenchanted look at the intervention system

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Farmer's Viewpoint: John Cherrington takes a disenchanted look at the intervention system

Carton milk accounts for 16% of sales

BY MAURICE SAMUELSON

DOORSTEP fresh milk delivered in the UK, which could be crippled by Britain's imported large quantities of Ultra Heat Treated milk, are already in steady decline as sales shift to shops and supermarkets.

Sales of milk in cartons in 1982 accounted for a record 16 per cent of all liquid milk sold in the UK, exceeding for the first time the 15 litres, the Milk Carton Manufacturers' Association announced in London.

In the same year, total liquid milk sales—most of it delivered in glass bottles on the door step—fell below 7bn litres for the

first time in many years. Our Legal Correspondent writes: The full text of the European Court's judgment on UHT milk, now received in London makes it perfectly clear that a total prohibition of imports, introduced by the British Government as a temporary measure after the European Court's judgment, must be considered as a restriction on trade prohibited by Article 30 of the EEC Treaty.

But the European Court leaves certain possibilities open for controlling the condition of the imported milk on importation.

The UK may lay down the objective conditions which it contains, namely, about the quality of the milk before treatment and the methods of treating, and packing UHT milk of whatever origin offered for sale in the UK.

In stipulating that imported UHT milk must satisfy such requirements, the UK should, however, not go beyond that which is strictly necessary for the protection of consumer health. It could meet such requirements by requesting importers to produce certificates issued by the authorities of the exporting member state.

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Sugar licences expected today

EEC SUGAR export licences under this week's regular tender should go through today, two days later than usual.

The EEC Commission proposed that 41,000 tonnes of sugar be authorised for export with a subsidy of 38.578 European Currency Units per 100 kilos—similar figures to those agreed at recent tenders—was rejected at Wednesday's tender.

Commission officials said yesterday that legal proceedings had been instituted to allow a decision to be made today. Member governments could reject the decision but the officials thought it was highly unlikely that they would do so.

SILVER

March 1982-83: 110 (47) lots of 10,000 ozs. Morning: Three months 27.20, 26.00, 25.00, 24.00, 23.00, 22.00, 21.00, 20.00, 19.00, 18.00, 17.00, 16.00, 15.00, 14.00, 13.00, 12.00, 11.00, 10.00, 9.00, 8.00, 7.00, 6.00, 5.00, 4.00, 3.00, 2.00, 1.00, 0.00.

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Espley-Tyas
FOR PROPERTY & CONSTRUCTION
We cover the country
London Leeds Birmingham
021-454 9881

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982/83	1981/82	1980/81	1979/80	1978/79	1977/78	1976/77	1975/76	1974/75	1973/74	1972/73	1971/72	1970/71	1969/70	1968/69	1967/68	1966/67	1965/66	1964/65	1963/64	1962/63	1961/62	1960/61	1959/60	1958/59	1957/58	1956/57	1955/56	1954/55	1953/54	1952/53	1951/52	1950/51	1949/50	1948/49	1947/48	1946/47	1945/46	1944/45	1943/44	1942/43	1941/42	1940/41	1939/40	1938/39	1937/38	1936/37	1935/36	1934/35	1933/34	1932/33	1931/32	1930/31	1929/30	1928/29	1927/28	1926/27	1925/26	1924/25	1923/24	1922/23	1921/22	1920/21	1919/20	1918/19	1917/18	1916/17	1915/16	1914/15	1913/14	1912/13	1911/12	1910/11	1909/10	1908/09	1907/08	1906/07	1905/06	1904/05	1903/04	1902/03	1901/02	1900/01	1899/00	1898/99	1897/98	1896/97	1895/96	1894/95	1893/94	1892/93	1891/92	1890/91	1889/90	1888/89	1887/88	1886/87	1885/86	1884/85	1883/84	1882/83	1881/82	1880/81	1879/80	1878/79	1877/78	1876/77	1875/76	1874/75	1873/74	1872/73	1871/72	1870/71	1869/70	1868/69	1867/68	1866/67	1865/66	1864/65	1863/64	1862/63	1861/62	1860/61	1859/60	1858/59	1857/58	1856/57	1855/56	1854/55	1853/54	1852/53	1851/52	1850/51	1849/50	1848/49	1847/48	1846/47	1845/46	1844/45	1843/44	1842/43	1841/42	1840/41	1839/40	1838/39	1837/38	1836/37	1835/36	1834/35	1833/34	1832/33	1831/32	1830/31	1829/30	1828/29	1827/28	1826/27	1825/26	1824/25	1823/24	1822/23	1821/22	1820/21	1819/20	1818/19	1817/18	1816/17	1815/16	1814/15	1813/14	1812/13	1811/12	1810/11	1809/10	1808/09	1807/08	1806/07	1805/06	1804/05	1803/04	1802/03	1801/02	1800/01	1799/00	1798/99	1797/98	1796/97	1795/96	1794/95	1793/94	1792/93	1791/92	1790/91	1789/90	1788/89	1787/88	1786/87	1785/86	1784/85	1783/84	1782/83	1781/82	1780/81	1779/80	1778/79	1777/78	1776/77	1775/76	1774/75	1773/74	1772/73	1771/72	1770/71	1769/70	1768/69	1767/68	1766/67	1765/66	1764/65	1763/64	1762/63	1761/62	1760/61	1759/60	1758/59	1757/58	1756/57	1755/56	1754/55	1753/54	1752/53	1751/52	1750/51	1749/50	1748/49	1747/48	1746/47	1745/46	1744/45	1743/44	1742/43	1741/42	1740/41	1739/40	1738/39	1737/38	1736/37	1735/36	1734/35	1733/34	1732/33	1731/32	1730/31	1729/30	1728/29	1727/28	1726/27	1725/26	1724/25	1723/24	1722/23	1721/22	1720/21	1719/20	1718/19	1717/18	1716/17	1715/16	1714/15	1713/14	1712/13	1711/12	1710/11	1709/10	1708/09	1707/08	1706/07	1705/06	1704/05	1703/04	1702/03	1701/02	1700/01	1699/00	1698/99	1697/98	1696/97	1695/96	1694/95	1693/94	1692/93	1691/92	1690/91	1689/90	1688/89	1687/88	1686/87	1685/86	1684/85	1683/84	1682/83	1681/82	1680/81	1679/80	1678/79	1677/78	1676/77	1675/76	1674/75	1673/74	1672/73	1671/72	1670/71	1669/70	1668/69	1667/68	1666/67	1665/66	1664/65	1663/64	1662/63	1661/62	1660/61	1659/60	1658/59	1657/58	1656/57	1655/56	1654/55	1653/54	1652/53	1651/52	1650/51	1649/50	1648/49	1647/48	1646/47	1645/46	1644/45	1643/44	1642/43	1641/42	1640/41	1639/40	1638/39	1637/38	1636/37	1635/36	1634/35	1633/34	1632/33	1631/32	1630/31	1629/30	1628/29	1627/28	1626/27	1625/26	1624/25	1623/24	1622/23	1621/22	1620/21	1619/20	1618/19	1617/18	1616/17	1615/16	1614/15	1613/14	1612/13	1611/12	1610/11	1609/10	1608/09	1607/08	1606/07	1605/06	1604/05	1603/04	1602/03	1601/02	1600/01	1599/00	1598/99	1597/98	1596/97	1595/96	1594/95	1593/94	1592/93	1591/92	1590/91	1589/90	1588/89	1587/88	1586/87	1585/86	1584/85	1583/84	1582/83	1581/82	1580/81	1579/80	1578/79	1577/78	1576/77	1575/76	1574/75	1573/74	1572/73	1571/72	1570/71	1569/70	1568/69	1567/68	1566/67	1565/66	1564/65	1563/64	1562/63	1561/62	1560/61	1559/60	1558/59	1557/58	1556/57	1555/56	1554/55	1553/54	1552/53	1551/52	1550/51	1549/50	1548/49	1547/48	1546/47	1545/46	1544/45	1543/44	1542/43	1541/42	1540/41	1539/40	1538/39	1537/38	1536/37	1535/36	1534/35	1533/34	1532/33	1531/32	1530/31	1529/30	1528/29	1527/28	1526/27	1525/26	1524/25	1523/24	1522/23	1521/22	1520/21	1519/20	1518/19	1517/18	1516/17	1515/16	1514/15	1513/14	1512/13	1511/12	1510/11	1509/10	1508/09	1507/08	1506/07	1505/06	1504/05	1503/04	1502/03	1501/02	1500/01	1499/00	1498/99	1497/98	1496/97	1495/96	1494/95	1493/94	1492/93	1491/92	1490/91	1489/90	1488/89	1487/88	1486/87	1485/86	1484/85	1483/84	1482/83	1481/82	1480/81	1479/80	1478/79	1477/78	1476/77	1475/76	1474/75	1473/74	1472/73	1471/72	1470/71	1469/70	1468/69	1467/68	1466/67	1465/66	1464/65	1463/64	1462/63	1461/62	1460/61	1459/60	1458/59	1457/58	1456/57	1455/56	1454/55	1453/54	1452/53	1451/52	1450/51	1449/50	1448/49	1447/48	1446/47	1445/46	1444/45	1443/44	1442/43	1441/42	1440/41	1439/40	1438/39	1437/38	1436/37	1435/36	1434/35	1433/34	1432/33	1431/32	1430/31	1429/30	1428/29	1427/28	1426/27	1425/26	1424/25	1423/24	1422/23	1421/22	1420/21	1419/20	1418/19	1417/18	1416/17	1415/16	1414/15	1413/14	1412/13	1411/12	1410/11	1409/10	1408/09	1407/08	1406/07	1405/06	1404/05	1403/04	1402/03	1401/02	1400/01	1399/00	1398/99	1397/98	1396/97	1395/96	1394/95	1393/94	1392/93	1391/92	1390/91	1389/90	1388/89	1387/88	1386/87	1385/86	1384/85	1383/84	1382/83	1381/82	1380/81	1379/80	1378/79	1377/78	1376/77	1375/76	1374/75	1373/74	1372/73	1371/72	1370/71	1369/70	1368/69	1367/68	1366/67	1365/66	1364/65	1363/64	1362/63	1361/62	1360/61	1359/60	1358/59	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OIL AND GAS *Continued*

[illegible]

Central African

[illegible]

25	W Anglo Siam Ltd.	60	-	-	-
27	For Burma see Southw. Ry	105	-	-	-

170	Com. March 10c.	460	+16	1060c	1.9
111	27 Explorator Gold	5	-	-	-
55	Highwood Res.	145	-	-	-
625	Monroe Mining St.	1374	-	940c	0
100	Monterey CSl	13	-35	-	-
344	R.T.Z.	532	-2	16.0	1.6
22	W. Atlantic 9000	1118	-1	09 1/2	13.9
0	Sabina Inds CSl	30	-	-	-
11	Seafarers Res Ltd	751	-2	-	-
0	Tand Explor St.	470	-10	-	-

based on latest annual reports and accounts and, where possible, as stated on half-yearly figures. P.E.s are calculated on "normalisation" basis, earnings per share being computed on profits attributable to ordinary shareholders.

and unretired ACP where applicable; bracketed figure
 means 10 per cent or more difference if calculated on the
 basis of the actual distribution; *indicated* means the
 measure shows dividend costs to profit after taxation, excluding
 the effect of the dividend distribution; *not applicable* means
 that the measure is not applicable to the company; *not
 available* means that the measure is not available for the
 year. Yields are based on midsize prices, are given
 per cent and allow market to be adjusted distribution and rights
 issues. *Not applicable* means that have been discarded to allow for
 issues for Cash.
 Interest income increased or increased.
 Interest income reduced, reduced or deferred.
 Taxed to non-residents on application.
 Taxed to non-residents on application.
 Not officially UK Listed, dividend permitted under Part 16(3)(a)
 of the Companies Act 2006. Dividend is not expected to
 result in a change of control of the company.
 Same degree of capitalisation as listed securities.
 Debt in water Part 16(3).
 Not for time of comparison.
 Indicated dividend after pending loan and rights issue cover
 to previous dividend or pending loan.
 Not applicable.
 Not comparable.
 Forecast dividend, line on earnings adjusted by latest issue.
 Forecast dividend, line on earnings adjusted by latest issue.

5- French Franc 14 Yield based

[illegible]

estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on

prospectus or other official estimates for 1982. Δ Gross T Figures
 projected. 2 Dividend yield to date.
 3 Dividends: all ex dividend; Δ ex scrip value, Δ ex rights; all
 all ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being
 quoted in Irish currency.

IRISH

Day Pkg. Sp.	31	Arnots	186
ing Ship. C7	221	.. .	Carroll (P J) ...	82
erson Brew.	105	.. .	Concrete Prods ...	48

John (Jas.)	250	880	Heaton (Higgs)	15	
M. Sam (L.)	200ml	+3	Ins. Corp. Ireland	350	
ance (C. H.)	112		Irish Rogers	26	
H Higgs	162		Jacob	81	+1
			7 M G	90	
			Urduant	42	-1

3-month Call Rates

Christians		House of Fraser	15	Unit Drabery	7
Dever-Lyons	13	16	24	Wickham	11
G. Grr	6	17	10	Woolworth Hld	15
R. R.	7	18			
Monck	10	19	10	Property	
Ward	10	20	10	Br. Land	12
Bank	10	21	10	Gr. Caster	7
Wicham	10	22	10	Land Secs	17
Circle	10	23	10	MEPC	26
26	10	24	10	Peashey	14
26	10	25	10	Samuel Price	3
Avmpress	10	26	10	Town & City	3
7	10	27	10		
W. J.	10	28	10		
W. J.	10	29	10		
W. J.	10	30	10		
W. J.	10	31	10		
W. J.	10	32	10		
W. J.	10	33	10		
W. J.	10	34	10		
W. J.	10	35	10		
W. J.	10	36	10		
W. J.	10	37	10		
W. J.	10	38	10		
W. J.	10	39	10		
W. J.	10	40	10		
W. J.	10	41	10		
W. J.	10	42	10		
W. J.	10	43	10		
W. J.	10	44	10		
W. J.	10	45	10		
W. J.	10	46	10		
W. J.	10	47	10		
W. J.	10	48	10		
W. J.	10	49	10		
W. J.	10	50	10		
W. J.	10	51	10		
W. J.	10	52	10		
W. J.	10	53	10		
W. J.	10	54	10		
W. J.	10	55	1		

Top	52	Racial Elect.	25	NCA	8
Top Star	30	R.H.M.	6	Premier	4
I.F.C.	4	Rank Org. Ord.	15	Shell	35

Academy	30	Reed Int'l	26	Trickard	22
Ac. Elect.	24	Sears	9	Ultramar	42
Ac. Mfg.	90	T.I.	13		
Ac. Mech.	25	Tesco	8	Mines	
A.S. 'A'	50	Thorn EMI	38	Charter Cons.	20
Ardena	35	Trust Houses	13	Cons. Cons.	40
A.T.M.	1E	Tysons R. M.	1		

"Recent Issues" and "Rights" Page 21

is service is available to every Company dealt in on the
changes throughout the United Kingdom for a fee of £60
per annum for each security

450	Church'sry Est.	540	-5	113.0	0.8	3.4	76.9
427	C.A.L.A 50p	560	N145	5.1	3.8	12.6
96	Clarke Nicholls	104	4.5	5.3	6.2	5.5

[illegible]

162	AME PC	237	-1	129	1.3	48	11.4
124	Marlboro 54 mg PC	198	-2	1365	3.6	98	—
27	Marlborough Sp	382	04	2.9	15	28.8

78	Alco. Leisure '9	7.60	75.5	2.0	5.6	12.1
45	Barr & WAT. '9	85	-5	1.0	1.7	—
35	Black Edgt. 50c	44	—	0.1	0.3	—
88	Bowery & Hamble	136	—	1.9	—	—
00	Campani Int. 20c	44	+1	23.1	2.8	10.3 (3.7)
23	Fairline Bonds 1p	29	—	61.0	—	4.9
15	GRA Group 50c	15	—	—	—	23.6
32	Greenan TWA 10c	48	—	13.25	3.0	9.7 3.9

50	Atlantic Assets	84	10.29	1.3	0.1
68	Radio Gaford Japan	110	0.4	1.1	0.0
71	Bankers' Ins	113	14.0	1.0	5.0

[illegible]

50	Atlantic Assets	84	10.29	1.3	0.1
68	Radio Gaford Japan	110	0.4	1.1	0.0
71	Bankers' Ins	113	14.0	1.0	5.0

53	Marler Estates	66	...	2.0	4.0	4.2	8.3
23	McInerney 10p.	38	...	0.94	4.1	9.4	3.7
97	McKay Sect 20p	120	...	12.85	1.8	3.4	23.7
41	McLaren Sec 50	229	...	82.0	1.3	5.8	10.6
63	Mount High	167	...	55.5	2.2	4.7	11.6
144	Mountview 50	174d	+2	3.2	8.3	2.6	6.5
64	Moxham (A. & L.)	72	...	4.25	1.5	8.4	10.1
64	New Canaan 50.	86	...	—	—	—	—

31	24 1/2	Investment Co.	38	1.75	2.0	0.3
55	22 1/2	Kakuzi 15%	55ml	+5	1055c	1.7	5.0
52	14	Kellrock 5%	23	-1	0.43	A	2.7

151	Henry Trust	220	1	18	1	1	1	1	1
152	Eschbach Corp.	220	1	18	1	1	1	1	1
153	St. Louis, S. & Ind.	220	1	18	1	1	1	1	1
154	Brennan Trust	207	-2	1	1	1	1	1	1
155	St. Louis, S. & Ind.	207	-2	1	1	1	1	1	1
91	British Assets	136	0	4.8	1	1	1	1	1
92	Brit. Emco. Sec.	136	0	0.88	1	1	1	1	1
130	Brit. Emco. Sec.	172	0	4.8	1	1	1	1	1
131	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
132	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
133	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
134	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
135	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
136	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
137	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
138	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
139	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
140	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
141	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
142	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
143	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
144	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
145	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
146	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
147	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
148	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
149	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
150	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
151	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
152	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
153	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
154	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
155	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
156	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
157	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
158	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
159	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
160	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
161	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
162	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
163	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
164	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
165	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
166	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
167	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
168	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
169	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
170	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
171	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
172	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
173	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
174	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
175	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1
176	Brit. Emco. Sec.	248	0	4.8	1	1	1	1	1

31	24 1/2	Investment Co.	38	1.75	2.0	0.3
55	22 1/2	Kakuzi 15%	55ml	+5	1055c	1.7	5.0
52	14	Kellrock 5%	23	-1	0.43	A	2.7

91	Edinburgh Am. Tr.	164	.....	0.85	0	8.
58	Edinburgh Inv.	89	.....	12.11	1	3.
55 1/2	EDITH	80	.....	13.21	1.0	4.
52	Electra Inv. Tr.	77	-1	0.3	1.1	6.
105	Elect. & Gen.	161	.....	12.65	0.9	2.
275	Eng. Bks. & Sm. S.	300	+25	0.55	0	3.
703	Eng. & Internat.	340	.....	5.75	1.6	5.
05 1/2	Eng. & N.Y. Trust	138	.....	4.35	0	4.

E421	104	Southvaal 50c	E422	105	Q330c	♂
E142	431	Stiftontein 50c	E131	2	Q250c	♂
[8]	E201	Vaal Reefs 50c	E791	5	Q950c	♂

34	Do. Conv Top 10	19	-1	0.43	+	1.03	+	1.03	+
35	Mich'n Top 10	14.00				1.03	+	1.03	+
36	Do. Conv Top 10	14.00				1.03	+	1.03	+
37	Lamont High 20	14.00				1.03	+	1.03	+
38	Do. Conv Top 10	14.00				1.03	+	1.03	+
39	Do. Conv Top 10	14.00				1.03	+	1.03	+
40	Do. Conv Top 10	14.00				1.03	+	1.03	+
41	Do. Conv Top 10	14.00				1.03	+	1.03	+
42	Do. Conv Top 10	14.00				1.03	+	1.03	+
43	Do. Conv Top 10	14.00				1.03	+	1.03	+
44	Do. Conv Top 10	14.00				1.03	+	1.03	+
45	Do. Conv Top 10	14.00				1.03	+	1.03	+
46	Do. Conv Top 10	14.00				1.03	+	1.03	+
47	Do. Conv Top 10	14.00				1.03	+	1.03	+
48	Do. Conv Top 10	14.00				1.03	+	1.03	+
49	Do. Conv Top 10	14.00				1.03	+	1.03	+
50	Do. Conv Top 10	14.00				1.03	+	1.03	+
51	Do. Conv Top 10	14.00				1.03	+	1.03	+
52	Do. Conv Top 10	14.00				1.03	+	1.03	+
53	Do. Conv Top 10	14.00				1.03	+	1.03	+
54	Do. Conv Top 10	14.00				1.03	+	1.03	+
55	Do. Conv Top 10	14.00				1.03	+	1.03	+
56	Do. Conv Top 10	14.00				1.03	+	1.03	+
57	Do. Conv Top 10	14.00				1.03	+	1.03	+
58	Do. Conv Top 10	14.00				1.03	+	1.03	+
59	Do. Conv Top 10	14.00				1.03	+	1.03	+
60	Do. Conv Top 10	14.00				1.03	+	1.03	+
61	Do. Conv Top 10	14.00				1.03	+	1.03	+
62	Do. Conv Top 10	14.00				1.03	+	1.03	+
63	Do. Conv Top 10	14.00				1.03	+	1.03	+
64	Do. Conv Top 10	14.00				1.03	+	1.03	+
65	Do. Conv Top 10	14.00				1.03	+	1.03	+
66	Do. Conv Top 10	14.00				1.03	+	1.03	+
67	Do. Conv Top 10	14.00				1.03	+	1.03	+
68	Do. Conv Top 10	14.00				1.03	+	1.03	+
69	Do. Conv Top 10	14.00				1.03	+	1.03	+
70	Do. Conv Top 10	14.00				1.03	+	1.03	+

E421	104	Southvaal 50c	E422	105	Q330c	♂
E142	431	Stiftontein 50c	E131	2	Q250c	♂
[8]	E201	Vaal Reefs 50c	E791	5	Q950c	♂

330	85	4	Berkley Expt.	88	+5	—	—	—
35	37	1	Branton £1	63	—	10	—	23
10	210	—	Brit. Borneo 10s	260	-2	12.0	1.3	7.0
5	130	—	Brit. Can Res. £5.00	225	+20	—	—	—
10	258	—	Brit. Petroleum	314	—	20.25	2.0	9.2
80	56	—	Do. 8% Pl. £1	72	—	5.6%	11.1	—
33	42	—	British 10p	163	+115	49.9	1.8	8.7

Finlay Plog. Sp.	31	Arnold	188
Grang Ship. E7	221	Carroll (P J)	82
Higsons Brew.	105	Concrete Prods	48

91	210	Western Rd R1	113.9	10706	0.95	1.0
92	210	Western Rd R1	113.9	10706	0.95	1.0
93	314C	Westmore Deep R2	104.14	9795	0.95	1.0
94	314C	Westmore Deep R2	957	90110	1.0	1.0
O.F.S.						
700	150	Free State Deep 50c	675	0471C	0.95	1.0
701	150	Free State Deep 50c	134	0471C	0.95	1.0
702	150	Free State Deep 50c	134	0471C	0.95	1.0
703	150	Free State Deep 50c	134	0471C	0.95	1.0
704	150	Free State Deep 50c	134	0471C	0.95	1.0
705	150	Free State Deep 50c	134	0471C	0.95	1.0
706	150	Free State Deep 50c	134	0471C	0.95	1.0
707	150	Free State Deep 50c	134	0471C	0.95	1.0
708	150	Free State Deep 50c	134	0471C	0.95	1.0
709	150	Free State Deep 50c	134	0471C	0.95	1.0
710	150	Free State Deep 50c	134	0471C	0.95	1.0
711	150	Free State Deep 50c	134	0471C	0.95	1.0
712	150	Free State Deep 50c	134	0471C	0.95	1.0
713	150	Free State Deep 50c	134	0471C	0.95	1.0
714	150	Free State Deep 50c	134	0471C	0.95	1.0
715	150	Free State Deep 50c	134	0471C	0.95	1.0
716	150	Free State Deep 50c	134	0471C	0.95	1.0
717	150	Free State Deep 50c	134	0471C	0.95	1.0
718	150	Free State Deep 50c	134	0471C	0.95	1.0
719	150	Free State Deep 50c	134	0471C	0.95	1.0
720	150	Free State Deep 50c	134	0471C	0.95	1.0
721	150	Free State Deep 50c	134	0471C	0.95	1.0
722	150	Free State Deep 50c	134	0471C	0.95	1.0
723	150	Free State Deep 50c	134	0471C	0.95	1.0
724	150	Free State Deep 50c	134	0471C	0.95	1.0
725	150	Free State Deep 50c	134	0471C	0.95	1.0
726	150	Free State Deep 50c	134	0471C	0.95	1.0
727	150	Free State Deep 50c	134	0471C	0.95	1.0
728	150	Free State Deep 50c	134	0471C	0.95	1.0
729	150	Free State Deep 50c	134	0471C	0.95	1.0
730	150	Free State Deep 50c	134	0471C	0.95	1.0
731	150	Free State Deep 50c	134	0471C	0.95	1.0
732	150	Free State Deep 50c	134	0471C	0.95	1.0
733	150	Free State Deep 50c	134	0471C	0.95	1.0
734	150	Free State Deep 50c	134	0471C	0.95	1.0
735	150	Free State Deep 50c	134	0471C	0.95	1.0
736	150	Free State Deep 50c	134	0471C	0.95	1.0
737	150	Free State Deep 50c	134	0471C	0.95	1.0
738	150	Free State Deep 50c	134	0471C	0.95	1.0
739	150	Free State Deep 50c	134	0471C	0.95	1.0
740	150	Free State Deep 50c	134	0471C	0.95	1.0
741	150	Free State Deep 50c	134	0471C	0.95	1.0
742	150	Free State Deep 50c	134	0471C	0.95	1.0
743	150	Free State Deep 50c	134	0471C	0.95	1.0
744	150	Free State Deep 50c	134	0471C	0.95	1.0
745	150	Free State Deep 50c	134	0471C	0.95	1.0
746	150	Free State Deep 50c	134	0471C	0.95	1.0
747	150	Free State Deep 50c	134	0471C	0.95	1.0
748	150	Free State Deep 50c	134	0471C	0.95	1.0
749	150	Free State Deep 50c	134	0471C	0.95	1.0
750	150	Free State Deep 50c	134	0471C	0.95	1.0
751	150	Free State Deep 50c	134	0471C	0.95	1.0
752	150	Free State Deep 50c	134	0471C	0.95	1.0
753	150	Free State Deep 50c	134	0471C	0.95	1.0
754	150	Free State Deep 50c	134	0471C	0.95	1.0
755	150	Free State Deep 50c	134	0471C	0.95	1.0
756	150	Free State Deep 50c	134	0471C	0.95	1.0
757	150	Free State Deep 50c	134	0471C	0.95	1.0
758	150	Free State Deep 50c	134	0471C	0.95	1.0
759	150	Free State Deep 50c	134	0471C	0.95	1.0
760	150	Free State Deep 50c	134	0471C	0.95	1.0
761	150	Free State Deep 50c	134	0471C	0.95	1.0
762	150	Free State Deep 50c	134	0471C	0.95	1.0
763	150	Free State Deep 50c	134	0471C	0.95	1.0
764	150	Free State Deep 50c	134	0471C	0.95	1.0
765	150	Free State Deep 50c	134	0471C	0.95	1.0
766	150	Free State Deep 50c	134	0471C	0.95	1.0
767	150	Free State Deep 50c	134	0471C	0.95	1.0
768	150	Free State Deep 50c	134	0471C	0.95	1.0
769	150	Free State Deep 50c	134	0471C	0.95	1.0
770	150	Free State Deep 50c	134	0471C	0.95	1.0
771	150	Free State Deep 50c	134	0471C	0.95	1.0
772	150	Free State Deep 50c	134	0471C	0.95	1.0
773	150	Free State Deep 50c	134	0471C	0.95	1.0
774	150	Free State Deep 50c	134	0471C	0.95	1.0
775	150	Free State Deep 50c	134	0471C	0.95	1.0
776	150	Free State Deep 50c	134	0471C	0.95	1.0
777	150	Free State Deep 50c	134	0471C	0.95	1.0
778	150	Free State Deep 50c	134	0471C	0.95	1.0
779	150	Free State Deep 50c	134	0471C	0.95	1.0
780	150	Free State Deep 50c	134	0471C	0.95	1.0
781	150	Free State Deep 50c	134	0471C	0.95	1.0
782	150	Free State Deep 50c	134	0471C	0.95	1.0
783	150	Free State Deep 50c	134	0471C	0.95	1.0
784	150	Free State Deep 50c	134	0471C	0.95	1.0
785	150	Free State Deep 50c	134	0471C	0.95	1.0
786	150	Free State Deep 50c	134	0471C	0.95	1.0
787	150	Free State Deep 50c	134	0471C	0.95	1.0
788	150	Free State Deep 50c	134	0471C	0.95	1.0
789	150	Free State Deep 50c	134	0471C	0.95	1.0
790	150	Free State Deep 50c	134	0471C	0.95	1.0
791	150	Free State Deep 50c	134	0471C	0.95	1.0
792	150	Free State Deep 50c	134	0471C	0.95	1.0
793	150	Free State Deep 50c	134	0471C	0.95	1.0
794	150	Free State Deep 50c	134	0471C	0.95	1.0
795	150	Free State Deep 50c	134	0471C	0.95	1.0
796	150	Free State Deep 50c	134	0471C	0.95	1.0
797	150	Free State Deep 50c	134	0471C	0.95	1.0
798	150	Free State Deep 50c	134	0471C	0.95	1.0
799	150	Free State Deep 50c	134	0471C	0.95	1.0
800	150	Free State Deep 50c	134	0471C	0.95	1.0

Finlay Plog. Sp.	31	Arnold	188
Grang Ship. E7	221	Carroll (P J)	82
Higsons Brew.	105	Concrete Prods	48

Diamond and Platinum						
E57	621	Anglo-Am. Inv 50c.	154	+7	1070c.	1.0
505	165	De Beers DI. Sc.	502	-1	1050c.	2.0
050	612	Do 40cp Pl. RS.	825	..	0200c.	..
660	185	Imperial Pl. 20c.	640	..	075c.	2.1
355	%	Lydenburg 12 1/2c.	350	+10	031c.	0
485	120	Rus. Plat. 10c.	440	-16	035c.	0.9

100% Cash	1.12	100% Cash	1.12
90% Cash	1.12	90% Cash	1.12
80% Cash	1.12	80% Cash	1.12
70% Cash	1.12	70% Cash	1.12
60% Cash	1.12	60% Cash	1.12
50% Cash	1.12	50% Cash	1.12
40% Cash	1.12	40% Cash	1.12
30% Cash	1.12	30% Cash	1.12
20% Cash	1.12	20% Cash	1.12
10% Cash	1.12	10% Cash	1.12
0% Cash	1.12	0% Cash	1.12

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Companies and Markets CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Pound's rise checked by oil price fears

Sterling finished below its best levels yesterday after comments by Saudi Arabian oil minister Sheikh Yamani that a cut in oil prices was inevitable. However, the reaction was limited to some extent by a continued weakening in the value of the U.S. dollar. Expectations of lower interest rates despite high Federal borrowings and a widening current account deficit served to undermine the dollar while political developments in West Germany election also worked against the U.S. unit. The strength of the D-mark also put renewed pressure on the weaker members of the European Monetary System, notably the French and Belgian francs.

STERLING — Trading range against the dollar in 1982-83 is 1.9245 to 1.9150, January average 1.9375. Trade weighted index 81.0 against 81.0 at noon and 81.3 in the morning and compared with 81.5 on Wednesday and 80.7 six months ago. The pound is showing signs of stability after a period of extreme weakness caused by fears of lower world oil prices and uncertainty about an early general election. Sterling is recovering slowly helped

by a recent softening of the U.S. dollar. Sterling opened at \$1.5525 against the dollar and had eased by noon to \$1.5425 by noon. It touched a low of \$1.5325 before recovering to close at \$1.5445-1.5455, a rise of 30 points. Against the D-mark it fell to DM 3.7275 from DM 3.75 and SwFr 3.11 from SwFr 3.12. It was down against the yen at ¥236.25 from ¥238.50 and fell in terms of the French franc to FF 107.55 from FF 107.75. The dollar fell to DM 2.4115 from DM 2.4300 against the D-mark and SwFr 2.0110 from SwFr 2.0225. It was also lower against the yen at ¥235.10 from ¥236.25 and FF 8.5390 from FF 8.5925.

DOLLAR — Trade weighted index (Bank of England) 118.3 against 122.7 six months ago. The dollar is much stronger compared with levels at the start of the year as the expected fall in U.S. interest rates has failed to

materialise. High Federal funding requirements have also kept rates firm although a softer trend has developed recently on speculation about an easing of monetary policy and signs of an economic recovery in the U.S. The dollar fell to DM 2.4115 from DM 2.4300 against the D-mark and SwFr 2.0110 from SwFr 2.0225. It was also lower against the yen at ¥235.10 from ¥236.25 and FF 8.5390 from FF 8.5925.

D-MARK — Trading range against the dollar in 1982-83 is 2.3940 to 2.4110, January average 2.3900. Trade-weighted index 128.5 against 124.3 six months ago. The D-mark has shown a weaker tendency in the run up to the March general

election. Favourable trade figures and fading hopes of lower German interest rates started to reverse the trend, but the D-mark in common with other currencies has suffered from the problems of a strong dollar. The D-mark was very strong at the Frankfurt exchange, improving against most other members of the EMS and the dollar. The D-mark was boosted in early trading by a report in the West German press that the Federal Constitutional Court intended to prevent the March election taking place, although this was later denied. A decision from the court is due on February 16. The dollar fell to DM 2.4115 from DM 2.4247 at the close, and sterling to DM 3.7190 from DM 3.7420.

FRENCH FRANC — Trading range against the dollar in 1982-83 is 7.3250 to 7.5850, January average 7.7754. Trade-weighted index 142.4 against 135.6 six months ago. The franc appears to be rather vulnerable against its stronger EMS partners, particularly the D-mark, reflecting the weakness of the French economy and unfavourable inflation differentials. The French currency is around a record low against the D-mark.

Cable watching

Traders on the London International Financial Futures Exchange describe yesterday as being dominated by "cable watching". Both the long term contract and short sterling responded sharply to the volatile movements of the pound on the foreign exchanges. With sterling above \$1.55 against the dollar in the early morning the March gilt price opened very firm at 100.10, compared with the previous close of 99.29. It touched a peak of 100.16, but retreated to 99.10 following the comment by Sheikh Yamani, the Saudi Arabian Oil Minister, that his country sees no way out of a price reduction for its oil.

Dealers also mentioned the importance of petroleum revenue tax payments due early next month, which may prompt buying of sterling by the North Sea producers. Although the market was not surprised by the Saudi Arabian news it prompted a bout of profit

taking, followed by a fairly quick recovery. The March contract closed at 100.05, a rise of 1) on the day. Volume remained contracted in the near date, indicating that many contracts will probably be taken through to delivery, rather than rolled over into June, where there were only 15 trades, in contrast to short sterling where there were almost 1,000. The March price finished just 1 basis point higher on the day at 99.47, and June 4 points higher at 99.81.

Eurodollar volume of 537 lots was disappointing, but prices were very firm, with March at 90.81, compared with 90.58 on Wednesday, encouraged by demand on the IMM in Chicago. The strength of U.S. domestic instruments, including Treasury bill futures, helped segment, but activity was restricted by uncertainty about interest rate trends.

EMS EUROPEAN CURRENCY UNIT RATES

Country	ECU	Change
Belgium Franc	44.9704	+0.0022
German Mark	8.2440	+0.0022
French Franc	2.2337	+0.0022
Italian Lira	2.2337	+0.0022
Dutch Guilder	2.2337	+0.0022
Spanish Ptas	2.2337	+0.0022
Portuguese Escudo	2.2337	+0.0022
Irish Punt	2.2337	+0.0022
Yugoslav Dinar	2.2337	+0.0022

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

CURRENCY MOVEMENTS

Country	Bank of England	Change
Sterling	91.0	-0.2
U.S. dollar	118.3	+0.2
German Mark	128.5	+0.2
French Franc	142.4	+0.2
Italian Lira	142.4	+0.2
Dutch Guilder	142.4	+0.2
Spanish Ptas	142.4	+0.2
Portuguese Escudo	142.4	+0.2
Irish Punt	142.4	+0.2
Yugoslav Dinar	142.4	+0.2

CURRENCY RATES

Country	Rate	Change
Sterling	91.0	-0.2
U.S. dollar	118.3	+0.2
German Mark	128.5	+0.2
French Franc	142.4	+0.2
Italian Lira	142.4	+0.2
Dutch Guilder	142.4	+0.2
Spanish Ptas	142.4	+0.2
Portuguese Escudo	142.4	+0.2
Irish Punt	142.4	+0.2
Yugoslav Dinar	142.4	+0.2

OTHER CURRENCIES

Country	Rate	Change
Argentina Peso	86.426	+0.0022
Australian Dollar	1.5890	+0.0022
Canadian Dollar	1.2700	+0.0022
Swiss Franc	2.0110	+0.0022
Japanese Yen	235.10	+0.0022
South African Rand	1.2300	+0.0022
U.S. Dollar	118.3	+0.0022

THE POUND SPOT AND FORWARD

Month	Rate	Change
Spot	91.0	-0.2
1 month	91.0	-0.2
3 months	91.0	-0.2
6 months	91.0	-0.2
12 months	91.0	-0.2

THE DOLLAR SPOT AND FORWARD

Month	Rate	Change
Spot	118.3	+0.2
1 month	118.3	+0.2
3 months	118.3	+0.2
6 months	118.3	+0.2
12 months	118.3	+0.2

EXCHANGE CROSS RATES

Country	Rate	Change
U.S. Dollar	118.3	+0.2
German Mark	128.5	+0.2
French Franc	142.4	+0.2
Italian Lira	142.4	+0.2
Dutch Guilder	142.4	+0.2
Spanish Ptas	142.4	+0.2
Portuguese Escudo	142.4	+0.2
Irish Punt	142.4	+0.2
Yugoslav Dinar	142.4	+0.2

MONEY MARKETS

UK rates slightly easier

UK clearing bank base lending rate 11 per cent (since January 12 and 13). UK interest rates were a little easier where changed yesterday, helped by sterling's continued improvement against the dollar. Sentiment was quite bullish in the morning but suffered with sterling on reports that it cut to oil prices was inevitable. However, most people remained optimistic. Six-month sterling CDs eased to 10 1/2-10 3/4 per cent from 10 1/4-10 1/2 per cent while buying rates for three-month bank bills were quoted at 10 1/2-10 3/4 per cent compared with 10 1/4-10 1/2 per cent.

Short-term rates fell towards the close with the Bank of England meeting most of the day's shortage through sale and repurchase agreements. Some minor ripples may also have been felt following Tuesday's heavily over-subscribed Associated British Ports share offer. Overnight interbank money opened at 11 1/2-11 3/4 per cent and fluctuated between 11 per cent and 11 1/2 per cent before falling away to finish at 5 per cent.

The Bank forecast a shortage of around £600m with factors affecting the market including bills maturing in official hands and a net take up of Treasury

bills — £413m and Exchequer transactions — £50m. There was also a rise in the note circulation of £30m. Against the morning total of £543m and comprised purchases of £16m of eligible bank bills in band 1 (up to 14 days) at 11 per cent and £33m in band 2 (15-33 days) at 11 per cent. It also arranged sale and

repurchase agreements on £496m of bills at 11 1/2-11 3/4 per cent, including on February 10. Further help was given by the Bank in the afternoon of £13m, making a grand total of £556m. The afternoon help comprised purchases of £20m of eligible bank bills in band 1 at 11 per cent and £13m in band 2 at 11 per cent.

LONDON MONEY RATES

Month	Rate	Change
Overnight	5.11%	-0.01%
1 month	11.11%	-0.01%
3 months	11.11%	-0.01%
6 months	11.11%	-0.01%
12 months	11.11%	-0.01%

FT LONDON INTERBANK FIXING

Month	Rate	Change
Overnight	5.11%	-0.01%
1 month	11.11%	-0.01%
3 months	11.11%	-0.01%
6 months	11.11%	-0.01%
12 months	11.11%	-0.01%

MONEY RATES

NEW YORK

Month	Rate	Change
Overnight	5.11%	-0.01%
1 month	11.11%	-0.01%
3 months	11.11%	-0.01%
6 months	11.11%	-0.01%
12 months	11.11%	-0.01%

GERMANY

Month	Rate	Change
Overnight	5.11%	-0.01%
1 month	11.11%	-0.01%
3 months	11.11%	-0.01%
6 months	11.11%	-0.01%
12 months	11.11%	-0.01%

FRANCE

Month	Rate	Change
Overnight	5.11%	-0.01%
1 month	11.11%	-0.01%
3 months	11.11%	-0.01%
6 months	11.11%	-0.01%
12 months	11.11%	-0.01%

JAPAN

Month	Rate	Change
Overnight	5.11%	-0.01%
1 month	11.11%	-0.01%
3 months	11.11%	-0.01%
6 months	11.11%	-0.01%
12 months	11.11%	-0.01%

NETHERLANDS

NETHERLANDS

Month	Rate	Change
Overnight	5.11%	-0.01%
1 month	11.11%	-0.01%
3 months	11.11%	-0.01%
6 months	11.11%	-0.01%
12 months	11.11%	-0.01%

EURO CURRENCY INTEREST RATES

Month	Rate	Change
Overnight	5.11%	-0.01%
1 month	11.11%	-0.01%
3 months	11.11%	-0.01%
6 months	11.11%	-0.01%
12 months	11.11%	-0.01%

LONG TERM EURO \$

Month	Rate	Change
Overnight	5.11%	-0.01%
1 month	11.11%	-0.01%
3 months	11.11%	-0.01%
6 months	11.11%	-0.01%
12 months	11.11%	-0.01%

SDR LINKED DEPOSITS

Month	Rate	Change
Overnight	5.11%	-0.01%
1 month	11.11%	-0.01%
3 months	11.11%	-0.01%
6 months	11.11%	-0.01%
12 months	11.11%	-0.01%

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange of the U.S. dollar against various currencies as of Wednesday February 9 1983. The exchange rates listed are for the U.S. dollar against foreign currencies, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified cases. All rates

quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Algeria	Dinar	136.48
Argentina	Peso	16.70
Australia	Dollar	1.5890
Austria	Schilling	13.7603
Belgium	Franc	40.3399
Canada	Dollar	1.2700
Chile	Peso	80.0
Colombia	Peso	1,600.00
Costa Rica	Colon	100.00
Cuba	Peso	24.00
Czechoslovakia	Koruna	166.08
Denmark	Krone	6.46
Finland	Markka	5.94
France	Franc	6.55
Germany	Mark	3.54
Greece	Drachma	200.00
Guatemala	Quetzal	2.13
Hong Kong	Dollar	7.80
India	Rupee	13.25
Indonesia	Rupiah	1,600.00
Italy	Lira	200.00
Japan	Yen	160.00
Korea	Won	100.00
Malaysia	Ringgit	2.33
Mexico	Peso	16.67
Netherlands	Guilder	3.60
New Zealand	Dollar	1.5890
Norway	Krone	4.76
Philippines	Peso	48.00
Poland	Zloty	20.00
Portugal	Escudo	200.00
Romania	Leu	16.67
South Africa	Rand	1.2300
Spain	Peseta	166.64
Sweden	Krona	4.66
Switzerland	Franc	2.0110
Taiwan	Dollar	1.5890
Thailand	Baht	20.00
Turkey	Lira	16.67
U.S.	Dollar	1.00
U.K.	Pound	0.7875
U.S.S.R.	Ruble	16.67
Venezuela	Bolivar	200.00
Yemen	Rial	20.00
Zimbabwe	Dollar	1.5890

CURRENCY

COUNTRY	CURRENCY	VALUE OF DOLLAR
Algeria	Dinar	136.48
Argentina	Peso	16.70
Australia	Dollar	1.5890
Austria	Schilling	13.7603
Belgium	Franc	40.3399
Canada	Dollar	1.2700
Chile	Peso	80.0
Colombia	Peso	1,600.00
Costa Rica	Colon	100.00
Cuba	Peso	24.00
Czechoslovakia	Koruna	166.08
Denmark	Krone	6.46
Finland	Markka	5.94
France	Franc	6.55
Germany	Mark	3.54
Greece	Drachma	200.00
Guatemala	Quetzal	2.13
Hong Kong	Dollar	7.80
India	Rupee	13.25
Indonesia	Rupiah	1,600.00
Italy	Lira	200.00
Japan	Yen	160.00
Korea	Won	100.00
Malaysia	Ringgit	2.33
Mexico	Peso	16.67
Netherlands	Guilder	3.60
New Zealand	Dollar	1.5890
Norway	Krone	4.76
Philippines	Peso	48.00
Poland	Zloty	20.00
Portugal	Escudo	200.00
Romania	Leu	16.67
South Africa	Rand	1.2300
Spain	Peseta	166.64
Sweden	Krona	4.66
Switzerland	Franc	2.0110
Taiwan	Dollar	1.5890
Thailand	Baht	20.00
Turkey	Lira	16.67
U.S.	Dollar	1.00
U.K.	Pound	0.7875
U.S.S.R.	Ruble	16.67
Venezuela	Bolivar	200.00
Yemen	Rial	20.00
Zimbabwe	Dollar	1.5890

CURRENCY

Bank of America NT & SA does not assume responsibility for errors.		
CURRENCY	VALUE OF DOLLAR	COUNTRY
Agency #	9.70	Philippines
	6,875	Pitcairn Is.
	1.00	Poland
	100.00	Portugal
	+0.4814	Port Timor
	39,653	Puerto Rico
	2,943	Qatar
	8.00	Reunion Iles
	16.00	Romania
	3.65	Rwanda
	59,0703	S. Christopher
	18.00	S. Enderby
	9,904	S. Helena
	700.25	S. Lucia
	5.85	S. Marino
	0.61	S. Vincent
	1,071	S. Yago
	56.88	Samoa (Am.)
	1395.50	San Marino
Agency #	543.75	Sao Paulo
	1.7835	Saudi Arabia
	266.50	Senegal
	0.867	Seychelles
	n.a.	Sierra Leone
Agency #	1.0831	Singapore
	0.94	Solomon Is.
	0.3313	Somalia
	10.00	South Africa
	4.073	Spain
	1,171	Spanish Sahara
	2.008	Sri Lanka
	47.618	Sudan
	289.50	Surinam
Agency #	1,1185	Swaziland
	2.2855	Sweden
	1.2185	Switzerland
Agency #	7.05	Syria
	2.05	Taiwan
	2,3746	Tanzania
	6,276	Thailand
	5.85	Togo
	10.113	Tonga Is.
	70.00	Trinidad & Tobago
Agency #	5,875	Tunisia
	1,1971	Turkey
	6,3555	Turkmenistan
	1.00	Turkmenistan
Agency #	2,4667	Uganda
	30,4179	Uganda
	1.1971	U.K. Empire
	1.0661	U.S. Kingdom
	2.875	U.S. Republic
	1.2675	Uruguay
	5.828	U.S.S.R.
	10.05	Venezuela
Agency #	246.76	Vietnam
	1.0025	Vietnam
	7,0415	Virgin Is. U.S.
	1,5568	Virgin Is. U.S.
	12.85	Yemen
	0.755	Yemen PDR
Agency #	100.00	Yugoslavia
	101.25	Zaire Rep.
		Zambia
		Zimbabwe